FINANCIAL TIMES

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No. 29,216 — Tuesday January 10 1984 — D 8523 B

Texaco moves to plug its oil drain, Page 15

NEWS SUMMARY

GENERAL

Tunisia accuses Libya of sabotage

Tunisian Premier Mohammed M'Zali accused a Libyan commando group of sabotaging an Algeria-Tunisia oil pipeline on Saturday night.

He said the line was breached 860 km (537 miles) south of Tunis, and two kilometres inside the Libyan border.

Libyan leader Colonel Muammer Gadaffi yesterday denied any Libyan involvement in the pipeline sabotage, Page 7

Jordan MPs act

Jordan's parliament, suspended more than nine years ago when an Arab summit declared the PLO the sole representative of Palestinians, met yesterday and endorsed n constitutional amendment to allow the election of new members to fill vacancies. Page 14

Zhao meets Reagan

Chinese Premier Zhao Ziyang is to meet President Ronald Reagan in Washington today. Page 2

Hawke for China

Australian Premier Bob Hawke is expected to visit China next month, probably from February 8 to 11.

French soldier killed

A French paratrooper was killed and another wounded when Beirut gunmen fired a rocket-propelled grenade at an observation post. A bomb also exploded near French headquarters. Lebanon security plan, Page 3

Nuclear accord

Britain, France, West Germany, Italy and Belgium are to sign an accord for the exchange of expertise in fast-breeder nuclear reactors in Paris today. Page 14

Soviet pipe doubts

Western diplomats doubt whether the Soviet Union's gas pipeline from Siberia is working, believing that only one of 41 compressor stations is in operation.

Danes vote today

Denmark has a general election today and the Conservatives, leaders of the four-party coalition, are expected to win more seats, but the coalition may fail to gain an absolute majority. Background Page 14

Berlin rail takeover

West Berlin took over from East Germany the running of the city's loss-making S-Bahn railway system, and cut services to 21 km (13 miles) of the 76 km operating, until Sunday.

Doctor must pay

A Karlsruhe, West Germany, court ruled that a doctor must pay for the upbringing of a handicapped child because he gave the mother misleading advice that led her to go ahead with the birth.

Invincible repairs

Repairs start today in Singapore on British aircraft carrier Invincible, which was refused dry-docking in Australia in case it carried nuclear weapons. A propeller shaft bearing needs replacing.

Surinam PM out

Surinam's state news agency said military leader Desi Bouterse bad secured the resignation of Premier Errol Alibux and his Cabinet – the fourth Cabinet to fall since the army coup in 1980.

BUSINESS

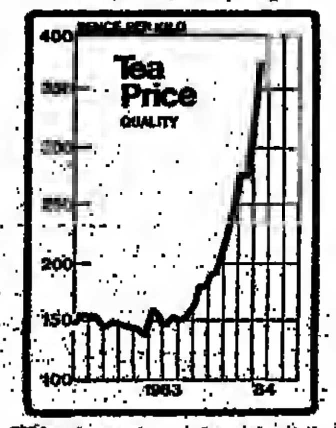
EEC farm plan 'close to collapse'

EEC agriculture ministers last night agreed to a series of talks to reform the Common Agricultural Policy. Mr Poul Dalsager, Agriculture Commissioner, said the CAP was on the edge of n total collapse that might bring down the Community. Page 7

DOLLAR rose to DM 2.8285 (from DM 2.81), FFr 8.6375 (FFr 8.5725), SwFr 2.251 (SwFr 2.239) and Y233.3 (Y232.265). Its Bank of England trade weighting moved from 131.3 to a record 132. In New York it closed at DM 2.8435, SwFr 2.264, Y233.7 and FFr 8.6725. Page 33

STERLING fell 65 points to $1.4005 and to Y327 (Y327.5), but rose to DM 3.965 (DM 3.955), FFr 12.09 (FFr 12.0575), and SwFr 3.155 (SwFr 3.1525). Its trade weighting was unchanged from Friday's 81.7. In New York it closed at $1.3925. Page 33

GOLD fell $8.25 in London to $366.875, its lowest closing level since August 1982. In Frankfurt it dropped $10 to $365.25, and in Zurich it fell $9.5 to $365.75. In New York, the Comex January settlement was $365.9 ($367.9). Page 32



TEA prices set records again at the London weekly auction, with quality teas gaining an average of 45p at £3.75p ($5.25) a kilo. Kenyan best reached £3.85. Page 32

LONDON: FT Industrial Ordinary index rose 5.7 to a record 800. Government securities showed modest rises. Report, Page 27. FT Share Information Service, Pages 28, 29.

WALL STREET: Dow Jones industrial average closed 0.42 down at 1,286.22. Report, Page 23. Fullshare prices, Pages 24-26.

TOKYO: Nikkei Dow index was up 71.36 at a record 10,053.8, and the Stock Exchange index gained 79.14 at 750.31. Report Page 23. Leading prices, other exchanges, Page 26.

DIAMOND sales were boosted by strong Christmas demand in the U.S., and world 1983 sales recovered to $1.6bn from $1.26bn in 1982. Page 14; Details, Page 21

INDONESIA'S draft budget proposes a 24.1 per cent increase in expenditure, at $20.1bn, with domestic fuel subsidies taking $1.14bn, and a 15 per cent pay rise for soldiers and civil servants to combat corruption. Page 3

CRUDE PALM OIL prices reached a record 2,058 ringgits ($870) on the Kuala Lumpur commodities exchange.

PLANS for a private-sector £1.5bn ($2.1bn) North Sea gas-gathering pipeline have been dropped because of lack of oil industry support.

BURGAN BANK of Kuwait is raising Kuwaiti dinars 98m ($334m), by instalments over nine months, in the country's rights issue. Page 16

BULL, the French state-owned computer group, and Philips, the Dutch electronics group, are negotiating on jointly developing a "smart card" with built-in memory for cashless paying. Page 15

CADBURY SCHWEPPES of the UK is to sell soft drinks in Japan under a franchise deal with Sumitomo subsidiary Asahi Breweries. Page 15

Bundesbank intervenes as $ surges on

BY PHILIP STEPHENS IN LONDON

THE DOLLAR resumed its surge on foreign exchange markets yesterday, prompting the year's first determined intervention from the West German Bundesbank in an attempt to slow the rise.

European central bankers, however, reaffirmed that they were not planning concerted action in foreign exchange markets or through higher interest rates to stem the dollar's rise, according to officials attending their monthly meeting in Basle.

The dollar rose to record levels against sterling, the French franc, the Italian lira and several other European currencies. It closed in New York at a 10-year high of DM 2.84375, more than 3 pfennigs up on Friday, having closed in London nt DM 2.8285. Its trade-weighted index, as measured by the Bank of England, reached a record 132, up from 131.3.

Sterling closed at a record low in New York of $1.3925, having lost 65 points in London to close at $1.4005.

The pound, which benefited from small Bank of England dollar sales, remained relatively strong against other European currencies, and its trade-weighted index closed unchanged at 81.7.

Foreign exchange dealers said the strong recovery in the U.S., which was reflected in the fall in the December unemployment rate, and sentiment that there is little scope for a fall in U.S. interest rates, were still underpinning the dnllar.

The Bundesbank, which last week kept a low profile on foreign exchanges, sold upwards of $350m yesterday in an attempt to restore order to the market.

It also took the unusual step of announcing that it was selling dollars, and operated on both the spot and forward markets.

European monetary officials said the intervention did not mark a majnr policy switch by the Bundesbank, but rather a return to the tactics employed in mid-December, designed to deter the market from pushing up the dollar too quickly.

"The Bundesbank is aware that it can not stand against the basic trend, but it can smooth out erratic fluctuatinns," the fnreign exchange manager of a leading West German bank in Frankfurt said.

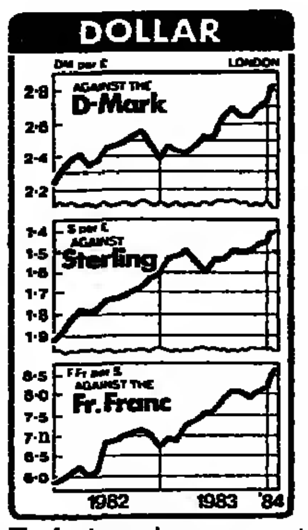
The UK treasurer of a major U.S. bank also voiced doubts that the Bundesbank could have a significant long-term impact on the market, particularly since trading bad returned to a period of strong activity after the Christmas lull.

Only "concerted action on a global basis, including moves on interest rates" could reverse the trend, he said.

In Basle, however, officials said they saw little prospect of any concerted action unless the U.S. Federal Reserve reversed its policy of letting the markets decide the dollar's rnte.

The U.S. central bank is thought to have made token dollar sales in recent days but there has been no sign of any change in its basic policy of non-intervention.

The central bankers reiterated their fears that there could be an uncontrolled slide in the dollar's value later this year, which could lead to renewed turbulence



The foreign exchanges appear to have shrugged off for the moment at least predictions that the U.S. currency will fall later this year

Money markets, Page 33; Lex, Page 14

Tokyo and London shares pass new milestones

By Michael Morgan in London and Our Financial Staff

THE record-breaking surge in world stock markets continued apace yesterday and its strength took market indices through important psychological barriers in Londnn and Tokyo.

In continental Europe some bourse indicators made their by now regular visit to new peaks before investors took a pause to consider the nutlook for the dollar, which reached record bighs against the French franc, the Italian lira and sterling during the day.

Wall Street, whose recent rise has been underpinning records elsewhere, turned higher agaio before slipping back. The Dow Jones industrial average, which has advanced in the last three sessions, was up to around 1,290 nt one stage compared with its best ever close of 1,287.20 achieved on November 9. It closed 0.42 down at 1,286.22.

In London, the Financial Times Industrial Ordinary index closed up 5.7 at a record 800 with investors encouraged by the rising tide of confidence on internatinnal markets and optimistic forecasts for almost every sector of UK industry.

Tokyo saw the Nikkei-Dow market nverage surge through the 10,000 level for the first time with the measure adding 71.36 to close nt 10,053.

In the last nine dnys, the average has registered eight new highs. However, trading volume in Tokyo yesterday showed a sharp decline from last Friday's level, which might indicate that investors are now becoming concerned about the market outlook.

Elsewhere in the Far East, Singapore saw a record close with the Straits Times index up 5.63 to 1,033.55. In Australia, the All Ordinaries and All Industrial indices were both at peaks.

In Europe, where traditional new year rallies began rather earlier than usual in some centres, investors remained generally satisfied with recent market developments.

There is still considerable new year liquidity – the result nf coupon interest on government bonds – while in a number of centres, investors are seen to be switching money back into their domestic markets.

An early advance in Frankfurt took the Commerzbank index up 1.80 to a new higb of 1,065.40, while the FAZ index also peaked at 359.96, up 1.05 on the day.

International Markets, Section III

Two major links for stockbroker advance UK market shake-up

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

CHARTER Consolidated, the British industrial and mining group, yesterday disclosed that it was to take a 29.9 per cent shareholding in Rowe & Pitman, the London stockbroker, for £18.2m ($22.7m) in another big shake-up in the UK's financial community.

At the same time, Akroyd & Smithers, one of the leading market makers on the London stock market, revealed that it was to form a joint company with Rowe & Pitman to develop the existing international equity business of both companies. Akroyd will put up £11m of capital for the new company while Rowe & Pitman will subscribe £6m.

That represents the first substantial link between a broker and a stockjobber, and takes the London financial community further towards the abolition of the traditional separation of functions between the two.

The division between the jobbers who make the markets and the brokers who act on behalf of investor clients, known as single capacity, is due to be removed after the UK Government's agreement with the stock exchange to deregulate the market.

In November, Mercury Securities, the parent company of merchant bank S. G. Warburg, acquired n 29.9 per cent stake in Akroyd for £41m.

S. G. Warburg and Akroyd have formed a joint company in New York to develop their trading and distribution activities in international fixed-interest securities, particularly in the Eurobond market.

But yesterday's dual move by Rowe & Pitman caught the City by surprise and marks the latest in n string of alliances betweeo banks, security firms and other interests triggered by proposals to reform the exchange and allow greater outside participation.

Mr Neil Clarke, deputy chairman and chief executive of Charter Consolidated, said last night: "Our investment in Rowe & Pitman we regard as a participatory rather than a passive investment. But I am doubtful of taking over entirely what is essentially a people's business. This is one of the things we wanted to do to develop our own financial services activities."

Talks between both sides, after an approach to Rowe & Pitman from Charter, took place seriously in the two weeks before Christmas. Mr Peter Wilmot-Sitwell, senior partner of Rowe & Pitman, said: "I felt we were under-capitalised as a firm and we have been looking for a perfect partner for some time. Charter Consolidated we have known for a long time. They are clients of ours."

Rowe & Pitman has held talks with 30 prospective partners over the last few months but finally decided to link its 37-partner business with Charter.

Rowe & Pitman is one of the 10 largest stockbrokers in London. According to a recent private survey, it accounts for 18 per cent of all foreign equity commissions handled by UK stockbroking firms for institutions with foreign portfolios, second only to Vickers da Costa, which accounta for 26 per cent. Among its private client list, it is reported to handle stock-market dealings for the British royal family.

Continued on Page 14
Lex, Page 14

Stocks bought in London Stock Exchange firms*

Buyer	Firm	Cost	Date
Security Pacific	Hoare Govett	£8m	6/82
RIT & Northern	Kitcat & Aitken	£622,000**	11/82
Citicorp	Vickers da Costa	£20m	11/83
Mercury Securities	Akroyd & Smithers	£41m	11/83
N. M. Rothschild	Smith Bros	£6.5m	12/83
Charter Cons.	Rowe & Pitman	£16.2m***	1/84

* 29.9 per cent, the maximum allowed by the Stock Exchange except for Citicorp-Vickers da Costa, which included about 80 per cent of Citicorp-Vickers da Costa non-London business.
** Stated net asset value of 29.9 per cent stake in Kitcat & Aitken
*** Rowe & Pitman is forming a limited liability company with Akroyd & Smithers to develop both firms' international equity business.

TALKS WITH BANK OF ENGLAND

Britain reviews loan stock issues by banks

BY DAVID LASCELLES IN LONDON

THE BANK of England is worried about the fast-rising level of investment by banks in the stock of other banks, and has called bankers to a meeting to discuss it.

In a letter to the British Bankers Association, the UK central bank writes that it has noted this "phenomenon" and says it would be "useful" to consult about the implications. No date for the meeting has yet been set.

The bank is especially concerned about the recent rapid growth in subordinated loan stock issued by banks, and the amount that has been taken up by other banks.

All the major British banks have issued such stock in the U.S. and UK capital markets in the last year or so, to the tune of several hundred million pounds, as part of a drive to bolster their balance sheets.

Subordinated loan stock included bonds and other debt instruments that banks are allowed to count as part of their capital base when measuring their overall strength, alongside equity.

Under Bank of England rules, banks can invest in each other's stock, but they must deduct the amount invested from their own capital so that it is not counted twice. The idea is to prevent an illusory boosting of capital in the banking system and reduce the risk of a cbain reaction from the failure of any one bank.

Apart from being concerned about the level and pace of trading in bank subordinated debt by banks, the Bank of England wants to ensure that the rigbt deductions are being made. One purpose of the letter to the bankers' group is to draw nttention to the Bank's rules laid out in n paper on capital adequacy issued in1980.

The Bank empbasises that it wants to bave a "consultation process" at this stage, rather than lay down the law. It is also understood that only a small number of banks would be directly affected by any tightening of the rules. But bankers say they are already taking a more cautious approach to investing in bank stocks.

The UK may draw on the experience of the U.S., where the bank regulators first allowed banks to count subordinated debt as capital – thougb nnly in a limited way – three years ago. The result was a flood of bank stock issues which has created similar problems.

Ironically, one reason fnr the huge rise in bank stock issues in the U.S. and elsewbere is pressure from bank regulators who are worried about the level of capital adequacy in the banking system, given shocks like the Third World debt crisis.

Bankers visit Lagos for trade debt talks

BY MICHAEL HOLMAN IN LAGOS AND QUENTIN PEEL IN LONDON

A TEAM of bankers advising the Nigerian Government on the refinancing of the country's $5bn trada arrears was due in Lagos last night for the first round of talks since the military regime took power on New Year's Eve.

The so-called troika of merchant banks – S. G. Warburg, Lazard Freres and Lehman Bros Kuhn Loeb – was first appointed by the deposed government of President Shehu Shagari but has continued its role as adviser to the Nigerian Ministry of Finance.

The purpose of the visit is to collect further financial information from the Government for the continuing negotiations with major suppliers and export credit agencies on how to repay the outstanding trade payments.

Western bankers in Lagos welcomed news of the visit as further evidence that the new regime under General Muhammadu Buhari wishes to push ahead as speedily as possible with efforts to conclude the interrelated talks involving the International Monetary Fund (IMF), the World Bank, export credit agencies, individual suppliers and their commercial bankers.

The troika team is due to meet two key figures in the negotiations who have retained their posts under the new administration, Alhaji Abubakar Alhaji, permanent secretary in the Ministry of Finance, and Alhaji Abdulkadir Ahmed, governor of the central bank.

The three banks issued a letter last week to the largest British suppliers setting out the terms being offered by the Nigerian Government for repaying uninsured trade payments. The Government is proposing to pay suppliers with six-year promissory notes, with a 2½ year grace period before payments begin, carrying an interest rate of 1 per cent over the London Interbank Offer Rate (Libor).

The military authorities last night announced the appointment of Mr Festus Marinho as head nf the state-owned Nigerian National Petroleum Corporation (NNPC), replacing Mr Lawrence Amu, who has moved to the National Electric Power Authority (NEPA).

Mr Marinho has held the NNPC job before.

Paris cuts 2,000 coal jobs

By David Housego in Paris

THE FRENCH coal mining industry yesterday announced its first large-scale redundancies as M Pierre Mauroy, the Prime Minister, began talks with union leaders to prepare the ground for substantial further layoffs in other ailing sectors of French industry.

The announcement that 2,000 jobs would be shed in the nld mining area of the Nord-Pas de Calais was made by the local management to an extraordinary meeting of the works council. It represents a quarter of the jobs the French coal industry is expected to lose this year, although until now the Government has fought shy of disclosing details. The redundancies come in a region of which M Mauroy is the accepted political "boss."

M Mauroy yesterday saw M Henri Krasucki, head of the Communist-led CGT union – the largest in the country – and M Edmond Maire, the leader of the Socialist-

Continned on Page 14
Redundancies inevitable at steel group, Page 7

CONTENTS

Contadora group agrees on Central America peace proposal

BY OUR FOREIGN STAFF

FOREIGN MINISTERS of nine Latin American countries have agreed on a plan to reduce tension in Central America. The agreement, reached late on Sunday in Panama City, involves the four nations of the Contadora group, Colombia, Mexico, Panama and Venezuela who a year ago sought to promote a peace plan for the region, and the five countries directly affected by the conflict there—Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala.

The agreement comes three days before President Ronald Reagan's bi-partisan Commission on Central America, headed by former Secretary of State, Dr Henry Kissinger, is due to publish its findings.

The Contadora agreement calls for the establishment of an inventory of arms, military installations and military personnel in each Central American country. In addition, a census of foreign advisers and foreign military personnel would be compiled with a view to their eventual elimination. The plan calls for the identification and eradication of "irregular forces" who take part in destabilisation actions against one government on the territory of another state.

This is a considerable dilution of the original 21-point plan. One of the principal elements of this was that all foreign military troops and advisers be withdrawn from the region. Sunday's agreement is seen as only a preliminary step towards the latter.

It clearly reflects strong American pressure on U.S. allies among the nine countries concerned to ensure that the U.S. retains a military presence in the region. The only real satisfaction for the left-wing Sandinista regime in Nicaragua is the agreement to curb the activity of counter-revolutionary forces operating from Honduras and Costa Rica.

Sunday's agreement, however, ignores the Nicaraguan desire to establish a series of mutual non-aggression pacts within the region. But it does propose to establish improved communication between the governments of the region to prevent and resolve incidents. It further calls for aid to the many refugees who have been created by the increased fighting in the past three years.

To implement the plan, three commissions are to be set up by the end of January to cover security, political and socio-economic issues. The two-person commissions are the most positive sign of action, for Sunday's agreement is not binding on the respective states and there is no agreed framework for ensuring compliance.

It is seen at best as a holding operation while the Contadora group continues its efforts, principally geared to gain U.S. backing for their peace initiative. Throughout the year-long existence of the Contadora group, the Reagan Administration has never given more than lukewarm support.

The Contadora group could be revitalised when the new Venezuelan President, Sr Jaime Lusinchi, takes office next month. He is pledged to be more active and his close aides are anxious that Argentina be involved as a new partner to provide greater diplomatic muscle.

Guerrillas gain in cat and mouse conflict

BY TIM COONE IN MANAGUA AND HUGH O'SHAUGHNESSY IN LONDON

DESPITE THE prospect of greatly increased U.S. aid which is expected to be recommended by Dr Henry Kissinger when he presents the report of his commission on Central America to President Reagan tomorrow, the year has started badly for the Salvadorean army.

The destruction of the strategic Cuscatlan bridge over the Lempa River and the seizure of the El Paraiso barracks of the fourth infantry brigade in Northern El Salvador have again shown the growing military capability of the left-wing FMLN guerrillas.

It has not spelt disaster yet however. The war has plodded on for four years, and despite major victories claimed by both sides, neither the army nor the guerrilla force has yet managed to gain the decisive edge. But the gradual build-up of army strength by a further 8,000 troops add to the existing 25,000, and recent command reshuffles have enabled a touch of cautious optimism to enter Government statements in recent weeks.

Shows of confidence cannot however hide the slow but inexorable advance of the guerrillas. These latest successes and the development of a new military front in the Usulutan and San Miguel areas highlights the FMLN's ability to maintain the military initiative. An army spokesman admitted: "We have a shortage of helicopters and radios. We are confident we will win, but it really all depends upon the Americans. We are short of resources and the guerrillas have the advantage of surprise."

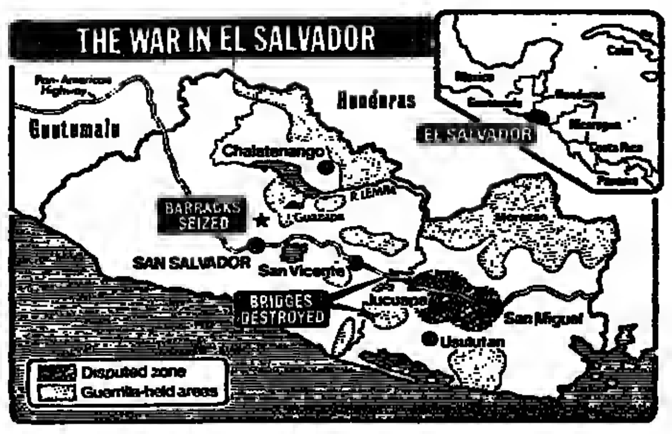
Under U.S. pressure, the army changed its strategy last year to concentrate its forces, try to push the guerrillas out of the areas closest to the capital—San Vicente to the east and Guazapa to the north. They were then to try to bottle up the FMLN in its traditional strongholds close to the Honduran frontier in the Chalatenango and Morazan areas.

Fighting continues in both zones and the first part of the campaign has still to show tangible results. The army has been able to keep the guerrillas away from San Salvador but at the cost of giving up territory elsewhere in the country and allowing FMLN to take over an increasing number of important towns.

The guerrillas' response to the army change of strategy, according to Mr Ruben Zamora, one of their political leaders, has been to take the war "to the centre of the country." Jucuapa is a pleasant well-heeled coffee town in the Usulutan area, in the centre of one of the "disputed" zones.

The army barracks there were attacked in October and has since been abandoned. A few miles down the road, guerrillas of the Salvadorean Communist Party are organising coffee workers and small farmers in the villages while other guerrillas of a group allied to the FMLNM plan attacks along the Panamerican highway.

In the past six months, this strategic zone has passed from being under government control to being one of relative freedom for the guerrillas. One guerrilla leader near Jucuapa said: "I started work here ten months ago. There were only two of us then, but you can see now we have a lot of support."



Further attempts to reorganise the command structure of the army took place in December, with over 20 high-level changes to try to bury the "nine-to-five" mentality of some commanders.

Much attention has been focused on Lt-Col Domingo Monterrosa, a dynamic U.S.-trained officer who maintains regular and easy-going contact with many of the lower ranks. He is now commander of 3,000 troops of the third infantry brigade in San Miguel and his strategy is constant pursuit of the guerrillas.

After some initial successes however, the brigade's ability to maintain momentum is seriously in doubt.

El Salvador's defence spending for 1984 will reach $214m, 23 per cent of its tightly-stretched budget. This is to be supplemented by $86m in U.S. military aid, but over 80 per cent of this is to be spent on training and supplies of spare parts and ammunition. Little will be left over for equipment improvements. Aid increases will be contingent on a clean-up of the notorious "death squads."

The death squads have claimed between 25,000 and 40,000 victims over the past few years. Under heavy U.S. pressure, two of their principal organisers, Lt-Col Aristides Márquez and Maj José Ricardo Pozo, were sent to Government posts abroad last week.

The intense pressure from Washington on the Salvadorean forces to improve their conduct is producing political strains. Senior officers resent what they see as foreign interference in Salvadorean affairs, but realise bitterly that they are vitally dependent on continuing U.S. assistance. This assistance could become all the more important if the Reagan Administration accepts the recommendations for greater expenditure on military aid from the Kissinger commission.

In the longer term, a more fundamental and serious problem faces the Government—the possibility that the army will become demoralised and lose the will to fight. Most army conscripts are press-ganged into service. One soldier, captured by the FMLN this week, complained of officers being evacuated by helicopter from difficult battles leaving the troops to face the guerrillas alone. This tends to end in surrender, with further arms hauls for the guerrillas.

A Western military expert in the region said that the new "hunter" battalions formed to keep pressure on the guerrillas were operating in units as big as 50 to 100. "They don't have the trained people in the lower ranks to get out and pursue the guerrillas and beat them at their own game," he said.

For its part, the FMLN general command announced on New Year's Day that it would not recognise the elections President Alvares Magaña intends to hold in March and added that it would be unveiling this month a new proposal for a political solution.

The war continues as a cat and mouse affair. Most observers agree that the army has sufficient strength to hold on to the main cities and the West of the country for another year at least. But the political will to fight the guerrillas may crumble first.

Debt will dominate Quito summit

By Hugh O'Shaughnessy

AN EASING of conditions for servicing the Latin American region's $310bn foreign debt and a reduction of the tariff and non-tariff barriers to exports are the principal demands likely to be made at the Latin American economic summit which convenes in Quito, the capital of Ecuador, today.

The meeting is being attended by the Presidents of Costa Rica, Colombia, the Dominican Republic and Ecuador and senior Ministers from other countries of the region. It was called as a consequence of the meeting convened last September in Caracas by the United Nations Economic Commission for Latin America (ECLA) and SELA the Latin American Economic System, to discuss the region's financial crisis and the possibility of a Latin American debtors' club.

Sr Sebastián Alegret, the Venezuelan permanent secretary of SELA, declared on Sunday that the region was unable to pay its foreign debt while the developed countries maintained high interest rates and the region's exports were stagnant.

According to preliminary figures from ECLA, the region's gross national product fell last year by 3.3 per cent, the worst result for several decades.

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Chinese premier's U.S. visit boosts hopes for entente

BY STEWART FLEMING IN WASHINGTON

ZHAO ZIYANG, the Chinese Prime Minister, is due to meet President Ronald Reagan today in what officials on both sides see as another important step in the improvement of diplomatic relations begun in 1982.

The last senior official to visit the U.S. was Deng Xiaoping, China's leader, in 1979.

The Prime Minister's visit will help to clear the ground for President Ronald Reagan's planned trip to China in April, a high priority in the White House because of the boost it is expected to give to the President's re-election campaign. Mr Reagan is expected to announce later this month that he will seek re-election.

During his talks this week, Prime Minister Zhao is expected to sign an agreement with the U.S. on industrial co-operation. The two countries are said to be making progress on a treaty to define the rights of investors in each country, developments which underline the importance China attaches to tapping U.S. capital and technology to help with its economic modernisation programme.

The Chinese are thought to be concerned, however, about U.S. reluctance to support a more generous increase in the capital of the International Development Association (IDA) the World Bank's soft loan arm, from which China hopes to draw substantial sums of cheap finance.

Zhao's visit is the high point so far in the warming of Sino-U.S. relations which started when the Reagan Administration agreed in 1982 to temper its support for Taiwan and gradually reduce arms sales to the nationalist island.

Full diplomatic relations were established between the U.S. and China with an agreement reached during the Carter Administration which came into effect in January, 1979. But Mr Reagan's anti-Communist rhetoric and the Administration's support for Taiwan brought an initial cooling.

Taiwan remains a source of diplomatic tension, with the Chinese complaining that the U.S. is not living up to its commitments not to increase either the quantity or the quality of arms it sells there. However, before leaving Peking, Zhao made it clear that the Chinese Government wants to avoid exacerbating the strains over this issue. He said he would not press for an immediate end to U.S. arms sales, but he is expected to press the Administration to reaffirm its pledge not to increase sales.

The U.S. is likely to explore ways of persuading China to bring its influence to bear on North Korea in a bid to reduce tension on the peninsula following the Rangoon bombings in which 17 South Korean officials were killed.

Cuba optimistic on debt

BY REGINALD DALE IN HAVANA

CUBA is optimistic that it can reschedule the pesos 312m ($365m) of official and commercial debt that falls due in 1984 when negotiations begin later this year, according to Sr Jose Julio Rodriguez, vice-president of the Banco Nacional de Cuba, the country's Central Bank.

The one obstacle that remains before new talks can start is completion of the government-to-government negotiations under the umbrella of last March's general agreement to reschedule the country's pesos 344m official debt that fell due in 1982-83. An agreement rescheduling the pesos 166m 1982-1983 commercial debt to Western banks was signed on December 30.

The deal, originally due to be signed on December 22, was finally completed after other banks agreed to take over debts owed to the Swiss-based Trade Development Bank, recently bought by American Express. The U.S. Treasury, caused a last-minute hitch by refusing permission to American Express to participate in the rescheduling because of the U.S. economic embargo on Cuba, Sr Rodriguez said.

For the 1983-83 official rescheduling, Cuba still has to finalise negotiations with West Germany and Italy.

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OVERSEAS NEWS

Oil pipeline to Tunisia 'blasted by Libyan commandos'

BY FRANCIS GHILES IN TUNIS

A PIPELINE carrying oil from Algeria to Tunisia was blown up by a four-man Libyan commando group last Saturday night, Mr Mohammed M'Zali, the Tunisian Prime Minister, said yesterday.

The premier also disclosed that all police weapons except pistols had been called in for checking shortly before the outbreak of rioting over food price increases which cost the lives of over 100 people. The price rises were rescinded on Friday.

Mr M'Zali said the oil pipeline had been sabotaged at Guelb el Anz, 880 kilometres south of Tunis, but just two kilometres from the Libyan border. Some 4,000 tonnes of crude escaped before workers were able to repair the damage.

The Prime Minister said the fact that the blast had occurred 48 hours after law and order had been substantially restored in the country raised many questions. He confirmed that two advisers of Col Gaddafi, the Libyan leader, had flown to Tunis for talks last Wednesday. Col Gaddafi yesterday denied any Libyan involvement in the pipeline sabotage.

Mr M'Zali said that he had personally telephoned Mr Driss Guiga, the former Minister of the Interior, with orders to deploy troops in Tunis last Tuesday.

Mr Guiga, who was dismissed at the weekend by President Bourguiba, had refused appeals from two governors of suburban areas near the capital to send in the army.

Throughont last Tuesday, groups of young people had run amok in the city, burning cars, raping women drivers and setting fire to buildings. Many police made no move to intervene.

Mr M'Zali explained that the police had only been armed with pistols. Their other weapons had been called in by the Ministry of the Interior at the end of the previous week.

In the port of Gabes, police were disarmed by demonstrators, while in Gafsa rioters succeeded in seizing weapons belonging to the security forces.

Mr M'Zali insisted that the rioting had not weakened his determination to press on with the government's programme of greater political liberalisation, as set out by President Bourguiba in 1980.

Asked about his reaction to the abuse burled at him by demonstrators in the streets of Tunis on Friday, Mr M'Zali said: "I am not afraid of the Tunisian people." But he said he was determined that the state should remain strong. "We cannot have democracy if we have anarchy."

Sri Lanka party refuses to attend 10-day talks

THE EFFORTS of President Junius Jayewardena of Sri Lanka, allied to Indian diplomacy, have succeeded in bringing seven Sri Lankan parties to a 10-day conference which opens today, writes Mervyn de Silva in Colombo.

But the success was clouded by an eleventh-hour decision by the conservative SLFP party not to attend the talks. A few days ago, President Jayewardene rejected a request by an SLFP delegation for the restoration of civic rights to the party's leader the former Prime Minister, Mrs Sirimavo Bandaranaike.

Habre stays away

The absence of Mr Hissène Habré, the Chad President, will not prevent the convening of talks in Addis Ababa aimed at reconciling the factions in the civil war, officials of the Organisation of African Unity (OAU) said yesterday, AP reports from Addis Ababa.

Bahrain move

A Bahrain-based Agence France Presse news egency reporter, Mrs Sophie Shehab, bas been asked to leave the island in a demonstration of the growing political solidarity among Gulf Co-operation Council states, writes Mary Frings from Bahrain. The action follows a Kuwaiti complaint over her coverage of the December 12 bomb incidents there.

Lebanon security plan hangs in balance

By Nora Boustany in Beirut

A PLAN aimed at halting the fighting in the Chouf mountains and in Beirut's southern suburbs hung in the balance yesterday following a meeting in Riyadh of the Saudi, Lebanese and Syrian Foreign Ministers.

Fighting which erupted again between the Lehanese army and Druze militia, died down yesterday. At the weekend it had again reached crisis proportions.

There was no statement at the end of the talks between the Foreign Ministers.

Each met separately with King Fahd of Saudi Arabia on Sunday in the presence of Prince Saud Al Faisal, the Sandi Foreign Minister.

● Our Correspondents in Cairo writes: Sir Geiffrey Howe will today be urged to put Britain's support behind moves by moderate Arab states to resolve the Palestinian issue when he meets President Hosni Mubark in Cairo.

Yesterday, Sir Geoffrey beld talks with Mr Kamal Hassan Ali, the Egyptian Foreign Minister, wbo said that he hoped Britain would use its influence in the EEC to support the latest diplomatic initiatives in the region, following the Decemher 22 visit to Cairo of Mr Yassir Arafat, the PLO chairman.

Egypt, which is trying to bring Mr Arafat and King Hussein of Jordan together, wants Britain to put pressure on the U.S. to open a dialogle with the "moderate" wing of the PLO.

At the same time, the Egyptians are using all availahle diplomatic channelsto convey their anger at Israel's recent moves to extend its legal system to the occupied West Bank and Gaza, which Vairo sees as *de facto* annexation.

● *Reuter reports from Paris:* Mr Arafat arrived in Algiers yesterday from Tunis, the Algerian news agency APS, received in Paris, reported.

Palestinians in Tunis said Mr Arafat was expected to meet senior Algerian officials and about 1,100 prisoners released by Israel in a prisoner exchange last October. He is also likely to meet Chadli Benjedid, the Algerian President.

Politics key to Jordan's economic future

BY RAMI G. KHOURI IN AMMAN

A SUSTAINED economic slowdown in Jordan during the past 18 months may soon make its mark in the political arena, at a time when the country and its leader, King Hussein, return to the centre stage of Middle Eastern diplomacy.

For the past decade, Jordan bas experienced an annual average real growth rate of nearly 10 per cent, an impressive performance for a country without oil, with limited natural resources, on the edge of the Arabian desert and in the eye of the Arab-Israeli storm.

This growth can be traced almost entirely to the large inflows of cash that worked their way into Jordan from the Arab oil states, via official budget grants, soft loans, remittances from Jordanians and Palestinians working in the oil economies and the export of Jordanian goods and services.

The drop in Arab oil revenues during the past year eventually had to be felt and the feeling has been uncomfortable. Along with a sharp reduction in Arah grants and budget support, Jordan has also suffered from a series of other simultaneous economic blows.

They include the virtual disappearance of the lucrative export market in neighbouring Iraq and an end to generous Iraqi bilateral financial support due to Iraq's own fiscal problems; four years of flat earnings from the export of Jordanian pbosphates, worth \$160m (£106m) last year, a levelling-off in remittances from workers in the Gulf; and the likelihood that a dry winter may signal the start of another drought of several years' duration, which would aggravate Jordan's already serious food imbalance.

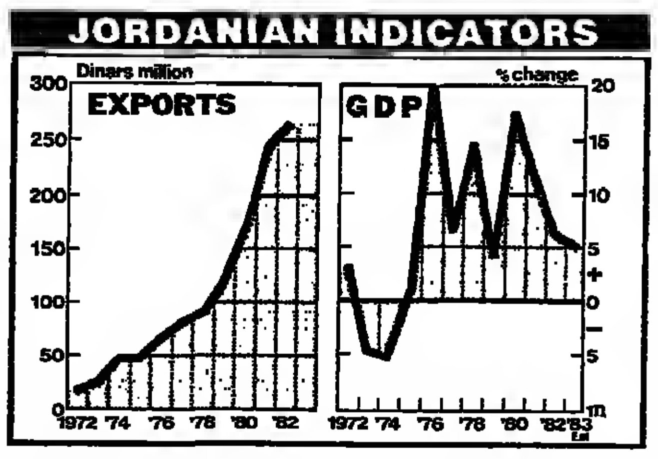
In the past Jordan could always offset problems in one or two of these areas by developing new sources of aid or trade revenue. Having all its main sources of revenue affected simultaneously has been a sobering experience and the new national budget for 1984 indicates that belt-tightening is the order of the day.

The \$2.15bn budget represents no growth in real terms over last year's budget, and was designed, according to Mr Salem Masa'deh, the Finance Minister, to curb expenditure and encourage self-reliance.

The budget anticipates budget support grants from the Arah oil producers of \$512m. This compares with the \$600m received last year, and is a far cry from the \$1.25bn the oil producers pledged to Jordan annually at the 1978 Bagbdad summit, of which nearly \$1bn a year was paid hetween 1979 and 1981.

Given that the budget equals over half the Gross Domestic Product of Jordan, a drop in revenues quickly sends ripples of recession throughout the economy. Officials estimate economic growth in 1983 at about 5 per cent in real terms.

The 1984 capital development budget has been pruned where possible, mainly by postponing the start of some projects that were still in the pre-contract phase. All projects already started are to continue and work on new projects this year will mainly inclnde feasibility studies or preparation of technical documents.



On the positive side, Jordon has used the money available in the past decade to put in place almost all of the large new infrastructural projects it required. It has also estahlished or expanded several large industries that export pbosphate and potasb, and invested heavily in intensive farming in the Jordan valley. These schemes are starting to bring in substantial export revenues, whicb in 1984 sbould reach almost \$500m.

While workers' remittances have stabilised at just over \$1bn after growing three-fold in the past six years, they are likely to remain at roughly this level because the demand for skilled Jordanian and Palestians workers in the Gulf is expected to remain firm.

The enormous trade deficit of \$2.7bn last year remains stubbornly chronic, but an anticipated small deficit on the current account of the balance of payments is not a major problem. Jordan has healthy and stable official reserves of \$1.2bn and good creditworthiness in the international capital markets.

Dr Mohammad Said Nahulsi, the Central Bank governor, noled rerently that while Jordan's foreign debt increased by about 20 per cent in 1983 to reach \$1.36bn plus another \$570m in Government-guaranteed private foreign debt, the debt servicing ratio remains manageable and compares well with most other developing countries.

One encouraging sign is the possibility of tapping domestic oil resources. Test wells in the Eastern desert have indicated tbe presence of commercial quantities of low-sulphur oil, and Jordan now may be able to meet its own petroleum needs from local resources.

This would be a considerable fillip to the balance of payments, considering that Jordan spent \$644m last year on oil imports from Saudi Arabia, a bill larger than its total export revenue.

The political implications of the slowdown are harder to measure. Certainly, the end of the easy-money years and the start of an era of more careful Government spending requiring some sacrifices will provoke calls for more direct popular participation in the making of economic decisions.

Furthermore, the return to lower growth rates will signal the end of the fascination that so many people have displayed for the accumulation of consumer products. A population less preoccupied with material things is likely to turn its attention to other areas.

The high level of education, literacy and politicisation of both Jordanians and the country's Palestinians—suggests that politics may replace economics as a focus of life for the rest of the decade.

At a time when King Hussein and his people are contemplating assuming the most important political role they have been asked to play in a decade—holding the hand of the Palestine Liberation Organisation and testing the credibility of the peare plan charted for them by U.S. President Ronald Reagan—they are well aware that Jordan today is more vulnerable to economic pressures and constraints than it has been in the past 10 years.

Indonesia wants to increase debt service payments

BY CHRIS SHERWELL IN JAKARTA

INCREASES in debt service payments and domestic fuel prices, a pay rise for the military and civil service and ouly a marginal increase in real development spending are in prospect for Indonesia, Asia's largest oil and gas exporter, under a drafl budget presented to parliament by President Suharto yesterday.

The balanced budget, which comes into effect in April, reflects the impact of the tough austerity measures taken by the Government over the past 12 months in an attempt to cope with the recession, the drop in oil prices and Indonesia's deteriorating balance of payments.

The measnres have inclnded cuts in consumer subsidies, a 27.5 per cent devaluation of the rupiah and a rephasing of 47 capital-intensive development projects. They have won the applause of foreign bankers and governments for their timeliness and severity.

The bndget proposes an increase in overall expenditure of 24.1 per cent to Rp 20,560bn (\$20.6bn) as part of a Government attempt to secure an average 5 per cent annual economic growth rate during the country's new five-year development plan, which also starts in April.

The main feature of the budget, which sbould be seen against the background of an official 10 per cent inflation rate, is the 38.8 per cent rise in current expenditure to Rp 10,101bn.

This includes:

● A rise in debt service repayments from Rp 1,417bn to Rp 2,600bn, largely because of the devaluation. The country's disbnrsed public debt as of last June was \$18.2bn.

● A 15 per cent increase in wages, salaries and pensions for civil servants and military personnel, more than 3m people. This will add 25.8 per cent to last year's pay bill and end a two-year freeze imposed by the Government.

● A 64.5 per cent increase in oil subsidies to Rp 1,150bn which, despite its size, will still entail a fuel price increase of an unspecified amount, the third in a row. This is because of a reduction in the amount of cheap oil the Government receives under a re-negotiated exploitation contract with Caltex, one of the largest operators in Indonesia.

The other key feature of the budget lies in the composition of the Government's development spending, whicb rises by only 12.6 per cent in nominal terms to Rp 10,460bn:

● Foreign contributions to development projects are expected to rise by almost 60 per cent to Rp 4,370bn, reflecting an absolute increase in funding, but also the impact of the devaluation.

● Rupiah contributions will actually fall by 7.1 per cent, to Rp 6,088bn, an indication of the strain facing government finances.

● The biggest spending—more than Rp 1,000bn in each case—is on education, agriculture, irrigation, mining and energy, communication and tourism. But the main increases are reserved for industry (45 per cent) and defence (21 per rent).

TECHNOLOGY

EDITED BY ALAN CANE

Apples jostle cornflakes for shelf space

Professional Personal Computing

PERSONAL COMPUTER markets have developed differently in the major European countries, but one factor is common to all: there is a shortage of good distribution channels and too many manufacturers are chasing too few dealers.

Mass merchandisers—Curry's in the UK for example, or Galeries Lafayette in France—will assume increasing importance in the distribution of business microcomputers as well as family models, while the share of the market taken by systems houses will decline everywhere.

These are some of the chief conclusions of a new study* which in some 300 pages gives a clear snapshot of a business going through fundamental change.

It traces the way the marketing of personal computers has moved from specialist outlets to stores and supermarkets—IBM in Germany, for example, is marketing its personal computer through Metro "Cash and Carry" stores in addition to more traditional outlets.

Its recommendations are brief and precise: "All manufacturers must recognise the growth in importance of the mass merchandisers and the computer stores throughout Europe when elaborating their distribution strategies.

"To be competitive they will have to provide high levels of dealer support in terms of training, software availability, technical training and marketing support."

Among the other major conclusions:

- Olivetti, the Italian-based office equipment manufacturer, is the only European company likely to make a real impact in the personal computer market. The report notes: "Over the next few years Olivetti should seriously rival companies like Apple, DEC and Hewlett Packard, after of course, IBM.
- The UK is the undisputed market leader in Europe with more than one million microcomputers installed at the end of 1982 but West Germany—where there is comparatively little interest in hobby or family computing—looks set to become Europe's biggest market for professional personal computers.
- Japanese manufacturers with the exception of Sharp have as yet no significant presence in Europe, but all are trying to develop their dealer networks. They have difficulties, the report says, in getting acceptance into computer stores and are mostly concentrating on alternative channels.

"Now that computer distribution is developing towards the mass merchandisers, Sharp has a good advantage over most of its competitors in that it is already well known in all the alternative channels—hi-fi stores video stores, department stores and office suppliers."

Although the UK has more microcomputers installed per capita than any other European country, most of these are home or family models.

This is partly because the British are traditionally heavy consumers of home entertainment products — hobbyist materials, board games and now televisions, video-recorders and hi-fi equipment—and partly because of the influence of Sir Clive Sinclair's ZX81 and Spectrum computers and the software they generated.

In West Germany, on the other hand, personal compnters developed principally as business machines—there is still no significant home computer produced by a German company.

The report notes: "In Germany, businessmen do not want a machine 'to play with' they want a solution to a specific problem. To meet their demands, high levels of product quality and good after sales service are necessary."

The trend towards mass merchandising of business personal computers is well illustrated in the UK by Tesco's "business centre" in Welwyn Garden City which stocks among others the Apple, the IBM PC and the Olivetti M20 and the announcement by John Lewis Partnership that it is considering setting up business computer centres on an experimental basis in two of its main stores.

**Personal Computer Distribution in Europe, £995, from Intelligent Electronics, 72, Rue de Sevres, 75007, Paris, France.*

ALAN CANE

Natural move for Microdata

ALL THE excitement these days is in personal computer software with inbuilt "intelligence departments in universities and colleges, the advent of cheap and powerful workstations has spurred on innovations which are making new levels of automation available to the businessmen at ridiculously low prices.

It is possible, for example, to buy computer tapes of the principal artificial intelligence languages from shops in the High Street; and yesterday Microdata announced on advanced package (MRE) combining elements of artificial intelligence and managerial decision support which at its most basic costs £200.

It runs only on Microdata hardware, so given the businessman has to buy one of the company's new M1000 workstations the entire system can be installed for £6,000 or less.

The Microdata system makes it possible for the businessmen to address queries and instructions to the workstation in English (or other language), and receive answers also constructed as English phrases.

The computer matches coded patterns of the words put in to patterns of words held in its memory. Individuals can "teach" the computer to recognise their own favourite phrases and to respond to them.

The Microdate system is impressive enough, especially at the price (similar systems which run on mainframe computers cost £40,000 and more) but its chief importance is to focus attention on the trend towards personal workstations which can increase dramatically the potential of the executive using them at costs which are well within ordinary office budgets.

The markets for such systems is likely to be huge, and Microdata's initiative is certain to be followed within weeks by imitators and improvers.

PERSONAL SOFTWARE IS THIS YEAR'S HOTTEST HIGH-TECH MARKET

Program to get rich quick

BY LOUISE KEHOE IN SAN MATEO

WOULD YOU like to become a millionaire in 1984? Some people will, and the chances are that they will make their money in the personal computer software business, either as a participant or investor.

You can take part, at least in spirit, in the hottest "high tech" market of the year by playing a new computer game. "In the chips"* transports you into the world of computer programs—the lists of instructions that make personal computers work.

You become an entrepreneur, the founder of a brand new personal computer software company. You have developed a new computer program, unlike anything that has come before.

The program looks great; so what is your next move?

"In the chips" takes you along the path that can lead to a fortune in the US$2.4bn personal computer software market, or, if you make the wrong decisions, to financial collapse.

Armchair fortune hunters can emulate the success of Lotus Development, whose integrated spread sheet program 1-2-3 has rocketed the company's sales from zero to an estimated $50m in just 12 months.

The computer game models the personal computer software industry, just as "Monopoly" might be said to model the real estate market.

Creative Software based the game on its own experiences bringing over 30 home computer software products to market over the past two years.

In the game, the computer decides randomly whether your product will be a hit or a miss among consumer buyers. "Based upon the game plays you have made, your financial success or otherwise will be determined," saysElliot Dahan of Creative Software.

The realities of the personal computer software market hold all of the excitement of the computer game—and more. It is an exploding market. Sales of office personal computer software for 1983 are likely to be $1.4bn says Future Computing of Richardson, Texas. The market research firm expects the office segment to grow to $6.7bn over the next five years.

Home computer software sales totalled $800m in 1983 and will grow to $5bn by 1988, they predict.

One of the most appealing aspects of the personal compnter software industry has, in the past, been the low cost of entry. For the price of a home compnter, the programmer is equipped to invent a potential million dollar-making product. Working out of suburban homes software writers created a modern-day cottage industry. That was the way it was two or three years ago.

Mitchell Kapor, president and co-founder of Lotus Development, creator of the spectacularly successful 1-2-3 package

Today the software business is more sophisticated. The distribution channels for software are increasingly becoming divorced from those for hardware. In the same way as the recording industry has grown up separately from the hi-fi business, so software is becoming independent of the machines that it "plays" on.

Software publishers now number in thousands. These middle-men fulfil a role similar to that of book pnblishers. Indeed, several book companies have been drawn into the software business over the past year.

There are publishers who promote their software artists like pop stars, equating the program to the pop record.

Other publishers use established distribution channels to sell software to schools, law firms, farmers . . . Adam Osborne, founder of Osborne Computer, has founded a business that he says will sell software like cosmetics.

What next? "Vending machine software, software and burgers," suggests Egil Juliussen, chairman of Future Computing, only half in jest.

With the growth of the software market, the opportunities for potential profits have become huge. A single "hit" prodnctivity program could produce revenues in excess of $80m this year, Future Computing's Juliussen estimates. By 1988 he predicts the potential revenues for a hit program of the same type will rise to $300m.

The cost of bringing a software product to market is, however, climbing dramatically. Hitting the "big time" in software is expensive. "Lotus Development spent about $3m to introduce 1-2-3 18 months ago," comments Juliussen.

Now the cost of entry is something like three times that amount, he reckons.

High costs of packaging a program

Just packaging a computer programme professionally can cost upward of $20,000, says Glen Hamilton, a co-founder of Computer Colorworks—a start-up company that is aiming to make its mark with "Flying Colors" a programme that turns the computer screen into an artist's canvas.

"We plan to spend 10 per cent of anticipated sales on advertising and promotion," he adds.

One of the most difficult decisions facing companies such as Colorworks is whether to share the costs—and the potential profits—with a software publisher.

Although it is the route taken by many small software firms, "Lifeboat (a major U.S. software publisher) never made anybody famous," points out Ester Dyson, president of Rosen Research.

It is however, difficult to get noticed without the help of a publishing house.

Softsel, the largest U.S. software distributor, receives as many as 4,000 new programs per month for evaluation, and typically adds no more than 40 of them to its listings.

There are, however, numerous opportunities for small start-up companies that do not have millions of dollars to spend on promotion. Ester Dyson, suggests that "niche markets" for software programmes are the best bet for newcomers to the business.

"Unless you have a fabulous prodnct and $5-6m of venture capital to spend on advertising, niches are the way to go," she suggests.

"The broadbase marketplace is noisy but if you have a terrific product talk to investment bankers," suggests Michele Preston, vice president and senior analyst for L. F. Rothschild, Unterberg, Towbin, investment bankers.

"We believe there will be another Lotus," says Ms Preston, whose group provided venture capital to Lotus Development and underwrote its public offering which raised over $60m earlier this year.

Some investors have already placed their bets. Epyx, a computer game company that specialises in action-strategy games attracted $3m in second round financing in December. And Ovation Technologies received a record $5.5m in venture funding this month.

Ovation, like Lotus is offering an integrated business program.

Next month at the first international software trade show, Softcon, in New Orleans, venture capitalists will try to pick more winners from over 100 start-up software companies seeking finance.

*"In the chips" is a business simulation that plays like an arcade game. The $30 game runs on the Commodore Vic 20 and 64 and new versions for the IBM PC and PC JR are due out soon.

Casting

Ceramic core process

PRECISION PRODUCTS (Cumberland) has developed a ceramic core process for close tolerance casting where smooth internal surfaces are required without machining.

A core material is used which combines the surface casting qualities and stability of ceramic cores with the ease of removal from the completed casting offered by traditional materials.

The new material can be used with standard moulding equipment, without the need for the special patterns normally needed when casting with ceramic cores.

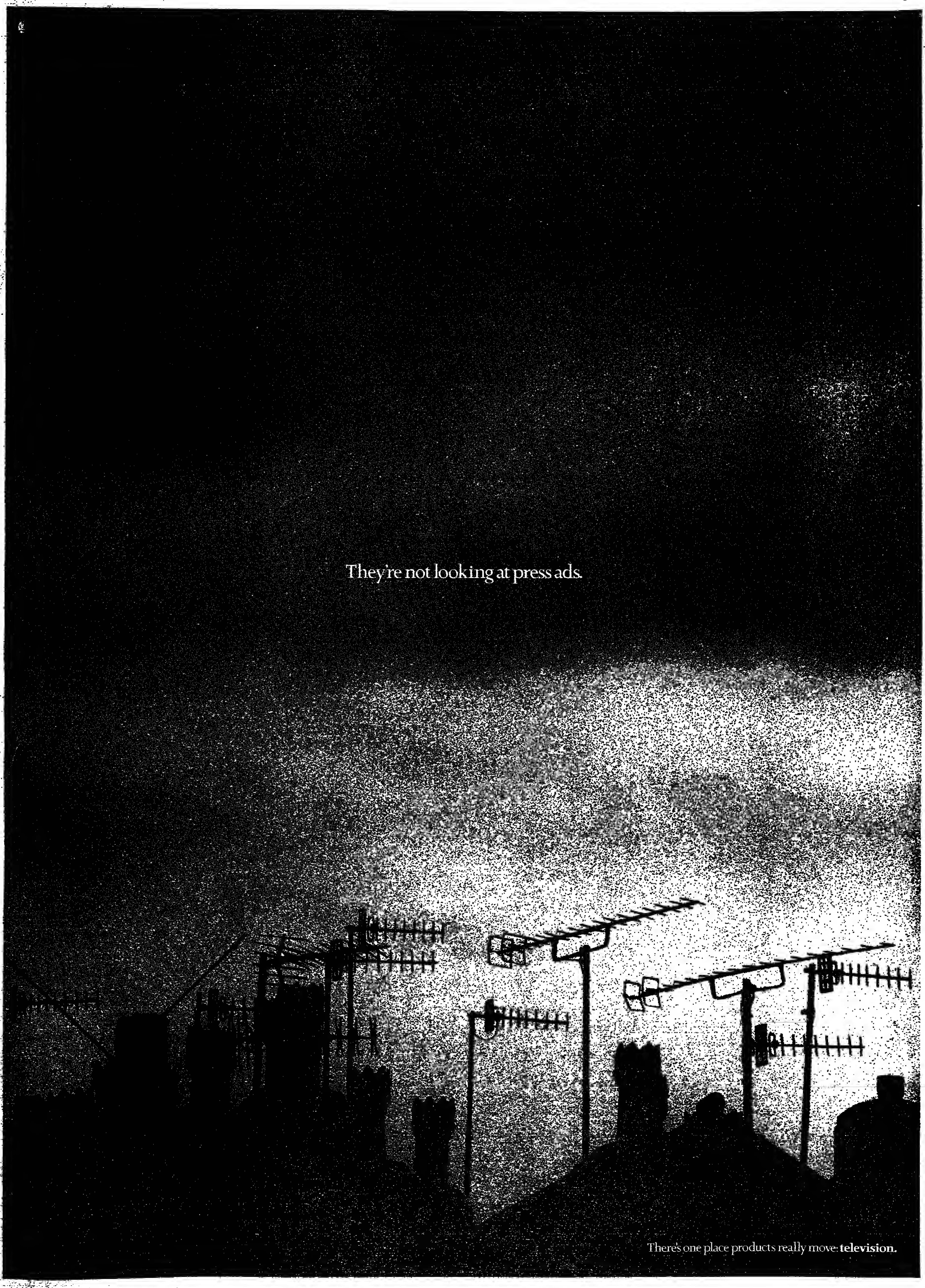
The cores are being made available to foundries and engineering companies in the UK through a special core manufacture and supply service recently established by Precision Products. This is already being used by pump manufacturers for the casting of shrouded centrifugal pump impellers where internal machine finishing is impossible. More on 0498 81226.

Navigation

Yacht unit for under £1,000

THE FIRST Decca navigator receiver to be offered at under £1,000 has been announced by Racal-Decca Marine Navigation.

Priced at £900, the instrument, aimed at the pleasure craft market, provides a continuous display of position in latitude and longitude. Other navigational information including course and speed, distance/course between waypoints, and estimated time of arrival are available at the touch of a button.


They're not looking at press ads.
There's one place products really move: **television.**

WORLD TRADE NEWS

EEC action boosts competition within recording industry

BY PAUL CHEESERIGHT IN BRUSSELS

MUSIC LOVERS within the European Community shortly should have access to a wider range of recordings. In some countries, they might even have to pay a little less for their records, tapes and cassettes.

The performing rights societies which hold the music copyrights and collect royalties, are changing their agreements with the sound recording industry in a way which, said the European Commission yesterday, removes "certain restrictions on competition which hampered trade between member states."

The changes mean that in the future there should be no geographical restrictions on the export of sound recordings. And, with the exception of the UK and Ireland, where the matter is governed by statute, the royalties levied will be based not on the retail price but on the manufacturers' published selling price to the retailer.

These moves follow a competition case brought by the Commission against the performing rights societies. Now the societies have agreed to change their agreements with the recording industry, the case has been dropped.

The German performing rights society has already negotiated a new agreement with its sound recording industry. In other EEC countries, negotiations are going on to reach new agreements.

The Commission had charged that the societies were restraining trade. Yesterday, it specifically mentioned the German society's opposition, now of course dropped, to cross-frontier deliveries of records taking place between countries in the same group. In some cases, manufacturers were given permission to distribute only in one country.

The Commission also took issue with the habit of basing royalties on average retail prices in the counry of sale.

Not only did this mean different levels of royalties. It also meant that cost advantages in the country of manufacture could not be passed on to the consumers in the country where the recording was sold.

Soviet Union 'key to EEC exports to E. Europe'

BY OUR BRUSSELS STAFF

THE PROSPECTS of an increase in EEC exports to Eastern Europe depend largely on the progress of economic adjustment in the East and on how the Eastern countries handle their problems with hard currency debts.

This assessment has been published by the European Commission in a written answer to a question lodged in the European Parliament. It was made against the background of an EEC trade deficit with Eastern Europe that grew 5.5 times between 1979 and 1982.

The deficit climbed to Ecu 9bn (£5.1bn) in 1982 from Ecu 4.9bn in 1981. Last year there were indications that the deficit was being reduced as exports to the Soviet Union increased during the first five months. Over that same period, however, the EEC deficit with the seven smaller Eastern countries tripled.

But the Soviet Union is the key because it takes around one half of EEC exports to Eastern Europe. Soviet energy and raw materials are traded for EEC manufactured goods.

The Commission gives three broad reasons for the increased trade deficit:

- cutbacks in Eastern investment plans which reduced hard currency imports;
- the worsening debt situation of some East bloc countries;
- the unfavourable economic and commercial environment.

Handling these problems has led the Eastern countries to boost their exports and seek to restrain their imports. With the exception of Poland and Romania, the Comecon countries are running surpluses on their current accounts.

India to push third nation ties with UK

By John Elliott in New Delhi

INDIAN engineering companies have drawn up a list of 10 major contracts totalling over $120m won recently by British companies in third countries where they would like to be awarded subcontracts.

This marks a significant step forward in campaigns waged by developing countries to form partnerships with more industrialised nations. India has been calling for third-country partnerships for some time with many of its trading partners and has argued that such co-operation would help reduce its growing bilateral trade deficit with the UK. But until now its approach has lacked precise focus.

The projects range from a $30m Balfour Beatty steelwork and transmission line in Amman and a $20m Simon Carves flour mill contract in *China, to a $20m GEC microwave radio project in Nigeria* and a $8m airport contract in the Cameroons won by Plessey.

The list will be tabled today at a meeting in New *Delhi of the Indo-British* Economic Committee attended by Mr Norman Tebbit, UK Trade Secretary.

It has been drawn up by the influential Association of Indian Engineering Industry *which is also writing to the* UK companies asking for Indian companies to be invited for work that will be subcontracted.

The association believes India can compete effectively *for subcontracts* which back up sophisticated design and manufacturing work carried out in the UK by providing relatively cheap but highly skilled manpower for drawings on consultancy projects, computer software writing, electrical contracting, civil engineering and some manufacturing of engineering sub-assemblies.

It has set up a joint working group with the British Consultants Enrean and is also inviting more buying missions to India following a successful visit made by BL buyers late last year.

Airlines are proving unwilling to pay high prices for new equipment

Second-hand aircraft values rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE VALUES of second-hand aircraft on the world market are tending to rise, as economic conditions improve, air traffic grows in volume, and airlines find they need more capacity but do not wish to pay the high prices prevailing for new equipment.

Reports from the U.S., where the bulk of second-hand aircraft are to be found, indicate that the price of a second-hand Boeing 727-200 tri-jet for short-to-medium range use, which stood at about $7m per aircraft in January, 1981, has now risen to about $7.75m, or a rise of *about 10.7 per cent.*

The price for a second-hand McDonnell Douglas DC-9-30 has risen by a smaller amount, however, only about 2.9 per cent, from about $5.10m in January, 1981, to about $5.25m today.

Conversely, the prices of some of the older, four-engined jets, such as Boeing 707s and Douglas DC-8s, that are severely affected by the more stringent noise rules now being introduced in the U.S. and elsewhere, have slumped.

A Boeing 707-320C, according to Jordan Greene's Aircraft Marketletter, which stood at about $2m in January, 1981, is now worth only $750,000.

Prices of wide-bodied jets have also declined, largely because the trend in the market is away from large-capacity aircraft to the smaller types of jets. As Jordan Greene puts it, the change in attitude is from "Big is Better" to "Small is Smart" in the airline business.

As a result, a McDonnell Douglas DC-9-30 long-range tri-jet which in early 1981 cost $24m second-hand, can now be bought for about $16.50m, a decline of more than 31 per cent.

Because Lockheed has now completed production of the L-1011 TriStar, prices of that aircraft on the second-hand market are slumping. A TriStar L-11011-1 that cost $19m in early 1981 can now be bought for *about $9m.*

Even the mighty Boeing 747 Jumbo jet is not immune to this slump in wide-body jet prices because of the move away from big capacity aircraft to smaller types of jets.

Jordan Greene quotes the current price of a second-hand Boeing 747-200B at about $20m, against $27.50m three years ago.

It is stressed, however, that these are prices for aircraft that have been extensively used for many years in airline service and that many factors affect the prices asked and obtained.

"Distress sales," that is sales where an airline is bankrupt or in cash problems and desperately forced to sell, can depress prices by as much as 30 to 40 per cent on current *market values, while the* availability of long-term financing by the seller can improve values by up to 15 per cent.

Korea pushes N. American car sales with low prices

TORONTO — South Korea's push to become a force in the industrial world is taking a new turn with efforts to break into the crowded North American car market. It is now aiming to woo North American car-buyers with keen prices.

Canada is the first target for Korea's biggest carmaker, Hyundai, but industry analysts believe success here will be followed by a move into the U.S. in two to three years.

The small, four-cylinder Hyundai Pony, which goes on sale in Canada on January 12, has impressed some dealers already. One said it had "Japan quality written all over it."

The president of Hyundai Auto Canada, Mr S. H. Park, says the company intends to sell at least 5,000 Ponys in Canada in 1984. He acknowledged that Hyundai had set its sights on the U.S., but said it planned to move slowly.

Japanese penetration of the North American market is under no imminent threat, but the Pony's base price of C$5,795 (U.S.$4,635) will be one of the lowest and at a time when Japanese cars are losing their reputation for low prices.

Industry analysts say the Japanese are moving away from the low cost end of the market because of import restrictions improsed by the Canadian Government.

Any major expansion plans by Hyundai would be limited by the company's current capacity to build cars, they say, but the company said in Seoul it intended to raise capacity from more than 100,000 cars a year to 390,000 by 1986 to cater for its push overseas and growing domestic demand.

Hyundai's president, Mr Chung Se-Yung, says Korea has reached the "car age" and expects domestic growth of 25 to 30 per cent a year.

Cars cost about three times per capita gross national product (GNP) in Korea against about half per capita GNP in the U.S. and Japan.

Government incentives of 1981 were partially negated last year when a 5 per cent excise tax was reinstated, but the Korean motor industry continues to boom. Hyundai is expected to have built about 110,000 cars in 1983 after 90,000 in 1982.

The Daewoo Motor Company, a joint venture with General Motors of the U.S., showed spectacular growth. Output was expected to be close to 40,000 in 1983, after 22,000 in 1982, and it has plans to boost capacity to an annual 300,000.

As part of its push for bigger production and sales, *Hyundai* is buying technology from Japan's Mitsubishi Motors. Although this will be used to build a car suitable for export, Mr Chung believes foreign sales will remain a second priority for the Korean industry for another five to 10 years.

Hyundai's exports accounted for about 14 per cent of its sales in the first nine months of 1983, down from 17 per cent in 1982. For Daewoo, exports were less than 1 per cent of sales.

Most exports have gone to the third world, but the Hyundai Pony, which has been built since 1976, is also sold in Europe.

In Canada, Hyundai says it plans to start with a network of 50 dealers and build up to 150 over the next few years.

- Foreign shipbuilding orders secured by South Korean companies totalled 3.83m gross tons for 158 vessels in 1983, compared with 1.21m tons for 63 ships the 1982, the Korea Shipbuilders' Association said.

The value of the new orders rose 78.5 per cent to $2.85bn last year, it added.

Foreign order books at Korean yards stood at 4.66m gross tons for 187 vessels at the end of last year compared with 2.03m tons for 99 vessels a year ago, it said.

Renter

Renault wins deal to supply trucks to Cuba

By Paul Betts in Paris

RENAULT VEHICULES Industriels (RVI) has won two large export contracts for heavy trucks worth a combined total of FFr 97m (£8m).

The first contract involves the sale of 200 heavy trucks to Cuba in what is the first tangible result of the recent contacts between the French and Cuban Governments to reinforce trading relations between the two countries.

Moreover, the Cuban contract, worth FFr 51.5m, also represents a return of the French truck maker in the Cuban market. The French Berliet truck group, which later was absorbed with Saviem to form RVI, had ambitious export projects on the Cuban market between 1968 and 1973.

France has now become Cuba's leading foreign supplier and agreed last October to advance Cuba additional commercial credits understood to *total about FFr 150m.*

The other RVI truck deal involves Egypt. The RVI contract involves an order for 180 heavy trucks worth FFr 45.5m. The Egyptian authorities are now also considering a proposal *for RVI to build a local assembly* plant in Egypt for commercial vehicles. RVI supplied 700 commercial vehicles to Egypt last year.

More U.S. orders seen for BAe 146

By Our Aerospace Correspondent

AIR WISCONSIN, the U.S. regional airline, which already operates three British Aerospace 146 four-engined regional jet airliners is planning to order more.

The airline will take delivery of a fourth 146 soon, but is expected at a board meeting later this week to convert two of its outstanding options for four more of the aircraft into a firm order worth about $30m.

- Aer Lingus, the Irish airline, has signed agreements for the provision of management services to two airlines in the Caribbean — LIAT (Leeward Islands Air Transport) and ALM, the national carrier of the Antilles. A management team of five Aer Lingus executives will be seconded this month for two years to LIAT's headquarters in Antigua.

A management team of three Aer Lingus executives is already in Curacao in the Antilles assisting in the development of ALM. This contract is being funded by the EEC under the Loine Convention and runs for two years.

- British Caledonian Airways, The UK independent airline, has signed an agreement with Continental Airlines of the U.S. whereby B.Cal will handle Continental's UK and European sales and reservations. Continental, a major domestic operator in the U.S., also flies to the South Pacific, Mexico, Hawaii, Japan and Australia.

Norwegian–Belgian tanker pool deal

Two Norwegian ethylene tanker owners have formed an operating pool, Norbelgas, in co-operation with the Belgian firm Exmar, a subsidiary of the Bohl Werff shipyard. Fay Gjester writes from Oslo.

The pool will control four vessels in the profitable 7,000-8,000 cubic metre range. The two Norwegian companies, which previously operated a pool of three vessels, are Odwfjell Westfal-Larsen Tankers and Norwegian Gas Carriers.

France moves to pick up summit pieces

BY DAVID HOUSEGO IN PARIS

M CLAUDE CHEYSSON, the French Foreign Minister, and M Roland Dumas, the new Minister for European Affairs, will visit major European capitals in the coming weeks as part of a low-key French approach to resuming negotiations on European budgetary and agricultural reform that collapsed at the Athens EEC summit last month.

France, which has taken over the presidency of the Council of Ministers, hopes a compromise can be reached at the next heads of government meeting in Brussels next March.

The emphasis on bilateral contacts reflects the French view that substantial pcogress has already been made towards securing an agreement but that an act of political will is needed to make the final concessions that would result in an overall package of Community reform.

In French eyes it will be the foreign ministers' task to generate this political momentum. M Cheysson and M Dumas will he sounding ont Community members on how they believe the differences can be bridged.

By placing the main responsibility with foreign ministers, the French aim to simplify the negotiating procedure. French officials believe that the weakness of the special councils that preceded the Athens summit was that the presence of so many ministers further complicated the issues.

The main responsibility for the negotiations in France's case will thus lie with M Cheysson and M Dumas—who has been given cabinet status largely to give him weight in dealing with other French ministers with an interest in Community affairs. But officials emphasise that they will be working closely to President *Francois Mitterrand* who has made Europe one of his priorities. Officials treat with impatience British suggestions that at Athens he was not fully briefed on proposals put forward by his ministers.

M Cheyssoo's speech to the European Parliament in Strasbourg on January 18 will contain no major surprises according to officials. The emphasis will be on picking up the threads of the Athens meeting and managing the Community's hudget through a difficult period. However much France would have liked to use the persidency as an occasion for launching European initiatives, officials do not believe the present time is appropriate.

The bilateral talks with London are obviously the most delicate. Officials treat as shortsighted, however, the view that Britain is in a position of strength because it bas only to wait for the Community to run out of resoarces to get its own way. By the time that happeoed, they say, the damage to the Community would be so great that the nature of the issues would have changed.

They say there can he no question of any strictly financial concessions to Britain. An agreement over the hudget contributions problem must be part of an overall package of reforms that embrace Community financiog, agriculture and new policies.

They explain President Mitterrand's appareot hacking down at Athens from previous Freoch positions on controlling Community expenditure and handliog the British budget problem as due to his exasperation at British tactics.

Ministers agree to CAP talks agenda

BY IVO DAWNAY IN BRUSSELS

EEC agriculture ministers last night agreed a new programme for negotiations on reform of the Common Agriculture Policy (CAP), aimed at finalising a comprehensive package of measures by April 1.

The programme was accepted after ministers heard dire warnings from tha Commission that the CAP was nearing a total collapse which could bring down the whole Community unless major surgery was immediately undertaken.

Mr Poul Dalsager, the Agriculture Commissioner, warned ministers: "It is not a matter of economising by eating smaller oysters with a cheaper brand of champagne. It is a matter of leaving the table with a stomach less than full."

The Commissioner was backed by M Geston Thorn, Commission President, who said that at present spending rates CAP's Ecu 16.5bn ($13.3bn) budget is due to overshoot by as much as 10 per cent.

Latest estimates now suggest that even if all the Commission's reforms were implemented immediately, along with an extension of the Ecu 200m in management savings already introduced, there would still be no funds left for price rises this year.

As a means of tackling the crisis, the ministers last night agreed that most of the negotiations must now be concluded by themselves and not referred to special councils of foreign and finance ministers or to heads of governmeot summits.

Other decisions included the reintroduction of the use of high-level groups of civil servants to conduct preliminary negotiations in an attempt to speed the decisioo-making process.

These will immediately begin to examine the commissioo's proposals on the 1984 prices for agricultural products, due to be announced at the end of this week before the next ministers' meeting at the beginning of February.

Meetings of the civil servants are also expected to deal with outstanding arguments over milk, cereals and other products as well as monetary compensatory amounts – cross-border levies and subsidies – before reporting back.

In addition, the ministers agreed last night to add a further council meeting to the two planned before April 1, the date by which many new price regimes are due to begin.

Mr Michael Jopling, the UK Agriculture Minister, said after the meeting that he believed ministers could reach agreement on the reforms and prices package within this deadline.

"If we want progress and if we want some urgency in our decision making then it is possible," be said. "Quick progress is essential as people need to know where they are. There is nothing worse than uncertainty."

The ministers are due to meet again today to discuss interim proposals oo a new system of structural grants for reform of the industry.

The Commission announced last night that it will be seeking backing from the Council to enter new talks with the U.S. through the General Agreement on Tariffs and Trade

Redundancies inevitable at Usinor

By David Housego in Paris

Substantial redundancies have now become inevitable at Usinor, one of the two large French state owned steel groups, as a result of the government's decision to turn down its proposed budget for 1984.

The budget put Usinor's additional financial needs for the year at FFr 4bn ($470m).

The state representative on the Usinor board had told the company, it emerged yesterday, that the government did not have the means to provide an additional FFr 4bo in 1984. The budget is now being revised

W. GERMAN COMMUNIST PARTY MEETS

Peace role earns DKP public acceptance

BY JAMES BUCHAN, RECENTLY IN NUREMBERG

SOME DISTANCE away from the West German political beaten track is the DKP, a communist party, which merits a detour for its comfortable certainties, blameless orthodoxy and intimate atmosphere.

At its 7th party congress at the weekend in Nuremberg, Herr Herbert Mies, the 54-year-old chairman of the W. German Communist Party, revealed that the DKP bas 50,482 members, rather under 0.1 per cent of the West German population. At the election on March 6 last year which brought Herr Helmut Kohl to power with a large majority, the DKP polled 65,789 votes, a tenth fewer than in 1980 and about 0.2 per cent of the electorate.

These figures suggest that Germans find one communist party – in East Berlin – quite adequate for their needs. If so, why does the Düsseldorf-based DKP, represented in a handful of borough councils, so exercise Herr Friedrich Zimmermann, the Bonn Interior Minister and the Verfassungsschutz (Vfs), the West German MI5, which devotes 40 pages of its most recent report to the party, its affiliates and its "goals hostile to the constitution."

Last autumn, in the midst of demonstrations against the deployment of U.S. nuclear missiles in West Germany, the Interior Ministry splashed out DM 40,000 on a wallchart which attempted to show, with a maze of dotted lines, how the Soviet Communist Party, via its sisters in East Berlin and Düsseldorf, had penetrated the barmless and bewildered West German citizenry.

This confusing diagram was greeted with guffaws, but it contaioed a nugget of truth. The peace movement against the oew U.S. missiles marked the first time a West German communist party had gained acceptance in a popular movement. That the peace movement also radicalised both the Social Democrats (SPD) and the Greens, wbo theo picked up DKP voters, is of less importance to the comrades. The DKP is above all a cadre party rather than a serious parliamentary effort.

Non-communist opponents of the missiles complain bitterly about the DKP, whose organisational discipline and wealth – the Vfs claims the party received DM60m from East Berlin in 1982 – give it a powerful positioo in a movement over 1m strong.

Poland lifts veil on debt debates

By Christopher Bobinski in Warsaw

A CLASH in Poland's top economic weekly *Zycie Gospodarcze*, between two senior finance officials has provided a rare insight ioto debates inside the Government on how to cope with the country's crippling $28bn foreign debt. Poland is due to open another round of rescheduling talks with Western governmeots io Paris later this week.

Mr Stanislaw Dlugosz, a deputy chief of the Planning Commission questioned in an article just before Christmas if Poland should hurry ahead with the Paris talks. He criticised the preseot deht service policy which is absorbing about one third of hard currency export earnings, as a financial drain leading nowhere.

He urged that debt service payments should be cut to a minimum for five to seven years and that Poland should demand a long-term rescheduling agreement, putting off payments into the next decade, on terms better that those being obtained at present, and, in the meantime, concentrate on co-operation within Comecon. In support of his arguments he cites continuing Western restrictions on Polish goods, the unlikelihood of hard curreocy export earnings improving in coming years and pessimism about the prospects of new Western loans.

Mr Dlugosz also hinted that Western requests for economic information should be stalled, since any suggestions about austerity measures, as might be expected from Western officials or the International Monetary Fund, could not be introduced in Poland because consumption has already fallen drastically.

Replying this week, Mr Kazimierz Glazewski, chairman of the Bank Handlowy, defended the plans of rescheduling agreements on $5.8bn worth of debt already negotiated between 1981 and 1983. The policy suggested by Mr Dlugosz, he said, could prolong the preseot crisis into the next generation.

Neither Comecon nor trade with the Third World, would enable Poland to fill the gap left by the West. He accused Mr Dlugosz of passive resignation in the face of the debt problems.

Partnership scheme offered by BBC to save satellite plan

BY RAYMOND SNODDY

THE BBC has put forward a compromise plan to share its direct broadcasting satellite (DBS) system equally with the Independent *Broadcasting Authority (IBA) in an* effort to save the project from collapse.

The plan will be considered at a meeting today between Mr Stuart Young, chairman of the BBC, and Lord Thomson of Monifieth, chairman of the IBA. DBS involves broadcasting directly from satellites to individual home dish aerials.

Under the proposal, Britain's two competing broadcasting organisations would share the costs of the three-satellite system. This would be about £160m over seveo years for the hardware alone.

The arrangement would last for the lifetime of the system which was due to begin broadcasting in the autumn of 1986. A more realistic starting date oow appears to be the autumn of 1987.

The new proposal, put forward by Mr Bill Cotton, managing director of the BBC's satellite project, would involve both organisations sharing a *satellite film channel*.

Each organisation would have a channel for general entertainment programmes, while a fourth transponder in the sky would act as a backup.

The IBA is taking the BBC proposal seriously and meetings are taking place at various levels almost every day to explore the possibility.

There is considerable urgency about the talks. United Satellites, the British Aerospace, British Telecom, GEC-Marconi consortium building the satellites, told the Goveroment last month it would have to stop work in early January without financial guarantees.

The consortium says its has already spent or committed £50m despite the fact that the BBC, worried obout the cost of going alone, has not signed a final agreement.

Approval for £400m coal mine

THE NATIONAL Coal Board was given clearance by the Government yesterday to spend £400m developing a new mine at Asfordby, Leicestershire.

It will be Britain's biggest investment in new coal capacity since permission was giveo io 1976 to develop the Selby coalfield in Yorkshire which cost £1bn at 1982 prices.

The Asfordby mine is expected to reach full production in the early 1990s, producing 2.2m tonnes of coal a year for power stations. It will provide jobs for 1,100 miners, many of wbom will be transferred from nearby pits which soon face closure.

● **OUTPUT** at four Staffordshire coal pits was halted yesterday by a strike of 43 miners opposed to their union's 10-week-old overtime ban. The men were all disciplined by the union for taking unofficial action.

● **PLANS FOR** a £1.5bn private-sector fuoded gas gathering pipeline in the North Sea bave been dropped because of lack of support from the oil industry.

The proposals, drawn up by Gaffney Cline and Associates, the international energy consultants, were for a 250-mile pipeline linking the Bruce, Brae and T-Block developments to the St Fergus gas terminal near Peterhead on the north east Scottish coast. A short spur south of T-Block would have connected smaller gas fields.

● **A WOMAN** clerical offirer in the diplomatic service has been suspended from duty after an inquiry into a leaked secret Whitehall memorandum on the deployment of Cruise missiles in Britain.

● **A NEW** Londoo evening newspaper could be launched this autumn subject to detailed negotiations with trade unions, Mr Robert Maxwell, chairman of the British Printing & Communications Corporation, said yesterday. It would compete with the Standard.

● **FURTHER** IRA bomb attacks in mainland Britain were inevitable, Mr Gerry Adams, president of Provisional Sinn Fein, said yesterday during a radio interview in Northern Ireland.

● **MICRODATA**, the mini-computer subsidiary of McDonnell Douglas, has developed advanced software which allows a user to question computers in plain English.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Venture capital: by Tim Dickson

Ups and downs of financial pioneers

BRITAIN and continental Europe may be teeming wilh "venture capitalists" today—bnt as recently as 1979 they were a very rare breed indeed.

That was the year Venture Founders Corporation of tha U.S. sent its first representatives to the UK, started persuading a group of then sceptical institutions to dip into their pockets to support a new fund, and embarked on a subtle but determined campaign to woo the "dormant" British entrepreneur.

While nnmerous other fund managers, both from the U.S. and the UK, have since joined in or raised tho profile of their small company investment activities, the two Venture Founders (VF) funds launched in 1980—Venture Founders Capital (VFC) and Rainford Venture Capital, each with £2m of capital—probably set the current bandwagon rolling in the UK. Certainly VF's first UK managing director Brian Haslett (who has since returned to the United States) was a relatively lone voice in preaching the virtnes of unsecured long term capital, investment horizons beyond five years and (where necessary) close investment by venture capitalists in the management of small, growing businesses.

Although Charles Cox, Haslett's successor as managing director and Venture Founders' first British recruits, points out that portfolio companies should only be valued twice—*"once when you put the* money in and once when you sell out"—the two eccompanying case studies of VFC companies show what can be achieved.

VF's style moreover has impressed Guinness Mahon, the merchant bank, which will be announcing today that it has raised £12m for a new venture capital fund which will be "advised" by VF.

Not everything, however, has gone VF's way. The Rainford Fund—which hired VF as consultants for a two year period—has in some ways proved a rather disappointing experiment. Set up by Pilkington Brothers to help *businessmen in the St Helen's* area, observers say that the terms of the management contract did not allow the managers to develop its long term philosophy, while certain members of the Pilkington board viewed the fund primarily as a means of ameliorating the unemployment situation in the North West as distinct from a full-blooded venture capital operation.

Two out of its eight investments have gone into receivership—one of them since VF's contracl ended.

Of the eight investments in the VFC portfolio, by contrast, only one has gone bust (a computer related business *whose chief supplier* collapsed) involving a £100,000 write-off hy the fund. Cox says the other six besides Chapman and Kleentech (also on this page)—a manufacturer of accessories for photocopiers, a company making software for optical character readers, a supplier of pneumatic and hydraulic control equipment, and a designer in consumer electronics—are all doing well at the moment, though he cautions: "things can change alarmingly quickly, so yon can't relax. A gust of wind can suddenly blow a business off course."

Cox refutes suggestions that at £2m the fund has been too *small to obtain both* a satisfactory spread and to provide the second and third tranches of capital so often required by fast growing businesses. "Unlike the U.S., the UK has a whole range of institutions like pension funds and investment trusts familiar with investment in unquoted companies. I don't see UK venture capitalists necessarily having to be involved beyond the first stage."

Surprisingly — given the "hands-on" techniqnes much trumpeted by American-influenced venture capital funds—the chief executives of both companies describe VF's style as "very much hands off."

While stressing the hours of work spent on porlfolio companies away from board meetings, Cox explains: "We believe in involvement, not interference. We don't try to manage, take management decisions or change a management team. We are only going to get the upside if the management team learns fer *itself*—with our back-np and support."

Why Colin Chapman counts money with a specialist's eye

ONE weekend just over three years ago Colin Chapman was busy throwing quoits.

But far from relaxing among friends with a pint of beer in his hand the 46-year-old Chapman was playing for remarkably high stakes—a six figure sum as it turned out.

The game—in which the points awarded for a successful throw were higher the further away you slood from the peg—was one of a number of experiments devised by Venture Founders to test the aptitudes and attitudes of a 20-strong group of would-be entrepreneurs. Chapman today can't remember exactly where he positioned himself—a significant bit of information apparently for the venture capitalists observing his every move—but after an exhausting weekend of lectures, business plan preparation and other tests he and three others emerged as suitable candidates for venture capital hacking.

So far Venture Founders' faith in his business—Chapman Cash Processing—which manufactures computer-based systems for checking and counting cash and non-cash items such as credit card slips, appears well justified. Having invested £100.000 for a 40 per cent stake in July 1981 VF last month had the satisfaction of seeing Chapman's advisers, Nordic Bank, announce a £1.1m private placing of roughly 32 per cent of the equity among a range of institutions, including Save and Prosper and Foreign and Colonial Enterprise Trust (FACET).

Besides illustrating the potentially juicy rewards of venture capital—in this case the value of the company has increased 10 times in 2½ years—the recent deal is a typical example of "second round" finance. "With its limited financial and marketing resources," the placing document explains, "Chapman's strategy until very recently has been to concentrate on the known requirements of its key customers and to respond to customer enquiries . . . the company now needs to take a more active marketing stance if it is to capitalise on the growth potential it has developed." The same document reveals Chapman's considerahle dependence on British Telecom, which accounted for 66 per cent of sales in the last financial year. Two other customers were responsihle for the bulk of the halance.

Chapman's best known product is probahly the "All-change" coin processing system, which was developed in conjunction with BT. So far used hy 17 of the 62 British Telecom areas, the system is designed to process cash collected from pay telephones and provides regular management and collection control information. Collaboration with British Telecom has borne fruit more recently in a new coin validator unit which CCP believes has applications in fields outside telecommunications, notably in vending and amusement machines.

Chapman also sees a big market for its cash office management system for stores, initially developed for British Home Stores, while overseas markets—which he bopes to tackle through joint ventures—have so far not even been touched.

Discussing the rola of VF, Chapman observes: "The important thing was that when things got tough they didn't run away." And while he says stringent conditions were imposed at the outset—until the placing, for instance, VF controlled the remuneration of the directors and effectively prevented them selling any of the company's assets—he stresses that his venture capital backers "adopted very much a hands-off approach."

Although Chapman, an ex-Royal Navy computer programmer, had held a number of management positions within the electronics and cash-processing industries (including spells as director of operations of De La Rue Systems and General Manager of the UK subsidiary of a Swiss Bank), he admits that nothing prepared him fully for running his own business. "Even the cleverest simulation of a war game is no substitute for the real thing," he observes.

"Everybody makes mistakes with cash-flow, but if it's too big a mistake you won't be there to learn from it."

Colin Chapman

How Eddie Ashby made a clean sweep by breaking with tradition

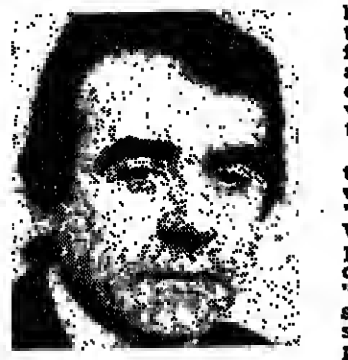
CONTRADICTORY as it may sound, business is a dirty word for entrepreneur Eddie Ashby.

For, operating in a twilight world of filthy pipes, blocked drains and dark cavernous sewers, his company, Kleentech *International*, is expanding fast by providing specialised cleaning and engineering maintenance services to industry and local government.

Kleentech's five-year history shows that Brengreen and Pritchard Services—two large and much publicised quoted companies—are not alone in cashing in on the growing tendency among large organisations in the public and private sector to hire outside contractors to do work previously handled by in-house maintenance teams.

Ashby's connection with Kleentech dates from 1978 when he bought out a half share in a small cleaning husiness owned by Michael Ashcroft, now head of the Hawley Leisure Group. His subsequent achievements have been founded on conscious diversification away from traditional office cleaning into higher margin, less labour-intensive industrial cleaning and *engineering maintenance* (Ciba Geigy, Fisons and Conoco are among the group's customers, with oil refineries, chemical and food processing plants typical of the type of project undertaken).

Growth at Kleentech has been partly through acquisition and partly organic, and the group now comprises five divisions — industrial, municipal, engineering, commercial and international.



Eddie Ashby

Looking ahead, Ashby sees hig opportunities to add to the many local authorities already on his hooks for which his work ranges from gulley and catch-point emptying to video camera inspection of pipework and sewers. He also hopes to become more active in international markets (notably the Middie East).

Describing his acquisition philosophy Ashby says that "there are many opportunities to buy assets and skills cheaply and re-engage them in an expanding market." A typical illustration is Kleentech's purchase last month of W. Canning Jigs, a subsidiary of W. Canning, the Birmingham-based chemicals and electronics group. Over 80 per cent of its business involves the manufacture and refurbishment of jigs for the metal coating industry and Ashby hopes that his other divisions will be able to service some of the new acquisition's 70 or so customers.

After attending one of Venture Founders' exhaustive weekend courses (which he "thoroughly enjoyed") the £2m Venture Founders Capital Fund put up £150,000 for a 30 per cent stake in August last year. "They weren't looking for security," he recalls, "they were solely intent on assessing us as people. They didn't pull any punches and unlike some of the merchant banks we went to see, who smiled sweetly and led us hy the nose, Venture Founders let us know what was going on."

Although he says "VF was there when needed," Ashby maintains the main contribntion has been money, not management support. "We needed someone to take a risk and play the odds and at the time they were the only ones prepared to do so."

Now that Kleentech is turning over £3m — and planning ambitiously to reach £10m at current prices by early 1986—Ashby reports that there is no shortage of potential backers in the City of London. Predictably an Unlisted Securities Market qnote is one short term option but individual shareholders of VFC and (in particular) one American bank are apparently prepared to supply all the funding required.

Venture capital briefs

MONEY FOR developing and testing prototypes is always hard to come by so the formation last month of Seedcorn Capital — with the aim of providing very high risk venture capital for research-orientated projects — is a welcome dedevelopment.

Seedcorn will be run by Lucius Cary, managing director of Venture Capital Report (VCR), the Bristol-based publication which describes new business projects seeking financial support. Cary believes 20 to 30 of the unsuccessful projects written up in his magazine over the last few years deserved support — so when the UK Provident-English Association Growth Fund asked him to manage a £200,000 slug of their portfolio and "put his money where his mouth is" he readily agreed.

A typical investment will be £20,000 to produce a prototype of a new invention and to conduct a preliminary market study to see if there is a basis for a business. Cary envisages Seedcorn investing in some cases alongside VCR subscribers "who may have skills and resources to contribute." Details from 2 The Mall, Clifton, Bristol BS8 4DR.

●

Professor Harold Hopkins, who holds the Chair of Applied Optics at the University of Reading, will describe how the university can help research, test and develop new ideas at a forthcoming seminar on "venture capital for the high technology company." Organised by the Reading Chamber of Commerce and Reading University in conjunction with Deloitte Haskins and Sells the event takes place on the morning of January 20 and costs £25 (including lunch). Details from Ian Cleveland, Reading Chamber of Commerce. 0734-595049.

●

YET another booklet on sources of venture capital will be available for the first time today at the Institute of Directors' seminar on Financing a New Business. It can be obtained for the cost of postage and packaging from the Publications Department of accountants Stoy Hayward, 54 Baker Street, London, W1.

Any last request before the quality of the competition kills your business?

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NATIONAL QUALITY CAMPAIGN

THE ARTS

The Royal Academy/William Packer

A progress report on Venice

The great celebration of Venetian art, that now occuples all the spaces and energies of the Royal Academy, approaches the mid-point of its run (it continues until March 11), and who can say how well it is doing? The figures are as encouraging, or not, as one cares to make them, for sucress in these affairs in British terms is always counted not so much in money made as in money not lost, and attendanres are still running teasingly short of break even. But then the catalogue is selling unexpectedly well (it is a splendid document and a conspicuous bargain at just under £8), sufficiently so even to tip the balanre: and who knows how many of us at the last will storm the gates, in order not to miss a treat of a lifetime?

It is hard to believe and a sad reflection, that in any other country the issue could ever be by now seriously in doubt—vide Turner lately in Paris, or Manet in New York: but the price of a paperback, or a cinema seat, or the house wine (if you are lucky) is, I suppose, in these straitened times, a powerful inhibition. Anyway, an average of 3,000 paying heads a day is required and if that should seem a lot and, rather too many for comfort, I would say at once that your critic, hopelessly spoilt as he is by the chief perk ot his trade, the privileged viewing of the work in comparative peace and comfort, made a visit on a normal paying afternoon, on a day indeed when the average had been exceeded and found the galleries busy, certainly, but very far from over crowded.

"The Genius of Venice" is, quite simply, an extraordinary and magnificent spectacle, an exhibition on the grandest scale, in physical scope and scholarly ambition alike, of a kind we might quite reasonably have thought no longer practicable in a dangerous, nervous and protective age. It takes as its matter the various achievement of the artists of Venire in the 16th-century and, so doing, brings under one roof a collection of masterpieces that was never thought to be preserved together even in its native city and most certainly will never be brought together again.

Ancient wooden panels of course are desperately delicate, vulnerable to the slightest shifts of temperature and atmosphere, which technical proscription means there can be no Bellini here, and no Carpaccio but for his great Lion of St. Mark from the Doge's Palace. But Bellini's presence is at least inferred in the putative work of Giorgione and the certain work of the young Titian, and in acknowledging that influence, together these artists conveniently set the start of a period that is brought to a natural term by the deaths within a few years either side of 1590 of Veronese, Tintoretto and Bassano. It is a span that Titian all but represents in himself, that sees him move in his work from the serene piety and gentle humanism of the young man to the darker adventure of the aged visionary.

It all makes for rather a lot to see, some 150 paintings to say nothing of the sculpture, drawings, prints, maps, books—which is not to say the show is too large or unmanagable. What is true is that there are several small groups of works by particular artists that are shows in themselves: Bassano, Tintoretto (not so small), Lotto, quite apart from the magnificent runs of Titian and Veronese. And rather more than that, there are many single paintings worth the price of the ticket several times over on their own. "I can look a whole day with delight upon a handsome picture, though it be but of an Horse": Sir Thomas Browne's is a wise example, which we could do worse than follow, though Venice was hardly the horsiest of societies —there are a camel or two, and some dogs, and plenty of sheep, and of course the lion.

The point is that not everything can be taken in at once, even in the most concise and well-judged of exhibitions, and great works need, deserve, all the time you can possibly give them: which precept here leads us inevitably back to Titian, and to the most powerful, strange and extraordinary picture of them all, The Flaying of Marsyas, brought over from the archbishop's palace at Kromeriz in furthest Czechoslovakia, where it has been ever since it was won in a lottery in 1673—it was the first loan to arrive from overseas, a nice if somewhat discomfiting augury for the exhibition's success. For it shows us poor Marsyas, the celebrated piper and inventor of the flute, in extremis, hung by his satyr's hooves from a tree and suffering the dreadful penalty for daring to challenge Apollo to a trial of his skill as a musician. His death was universally lamented, and the Fauns, Satyrs and Dryads wept at his fate.

Detail from "Venus and Adonis" by Veronese

It has proved too much for some commentators, one, in another newspaper, even going so far as to dismiss all the works of Titian's extreme old age out of band—and this is perhaps the last of all, left unfinished at the artist's death in 1576, when he was rather more than 90. That same commentator dotes on Veronese, and a fan who dotes on Veronese, "pittore sovrano di Venezia" as the Venetians themselves say of him on the memorial plaque above his casa door, cannot be entirely wrong-headed: Veronese, by nearly 50 years the younger man but Titian's only serious rival in his lifetime, prodigiously able, and ever assured, gracious, urbane even in his most extravagant, theatrical and ambitious moments, carrying us along by the wonderful graphic ease and rhythm of his drawing, in the wonderful indolence of Adonis on the lap of Venus.

So too of Titian, for the most part, but he is always rather more the painter, the statement less graphic and ever more so as time goes on, the surface feathered and suggestive, areas of mystery resolved into the most convincing physical presence by an instinctive alchemy—the low right hand of his Franscesco Savorgnan, from the 1540s, makes the point, three shadowy fingers creeping across the crimson sash from the drooping white fur cuff. But how much more extreme in its freedom and adventure is the later work, as the old man moves on into unexplored and uncertain expressive territory, pushing himself to the limits of his painterly scope, and even his strength, for the Flaying of Marsyas is big by any standard.

It is a deeply pagan, atavistic work, but this is as much a literary as a visual consideration, and we must be careful not to divorce the purely iconographical from the physical aspect. It must be the way it is done, and what it is altogether, that move us so, a directly physical visual experience; for otherwise the mere proposition of the subject would be enough: it is not what the painting says, but what it is, not what we see in it, but simply what we see, that so stirs the imagination.

It is indeed a very physical work and yet of extreme refinement, the touch deft and light and yet the surfare rich and dense, the painter savouring as it were the succulence of the pigment. The figures are established with a splendid and convincing physical presence, beautifully and delicately characterised, and yet at close range so much is left at the merest suggestion, the fall of the blue silk scarf across the shoulder, and the lightest feathering across the thigh of the kneeling figure, to articulate the form. The colour is quiet, the tone pitched very low, the atmosphere charged with a strange, brooding, tragic menace. The delicacy of touch prefigures Velasquez, the intensity of feeling, Rembrandt, the incipient violent romanticism, Goya and even Delacroix: the late Titian is above all a painter's painter.

There is much else to say: the Bassano room a delight and worth an article to itself, for the painterliness of the work that transcends the most seductive of subject-matter—the exquisite Jacob's Journey, with its odd rhythmical emphasis upon the elongated backs of the man and woman, and the sharp pink and green of their clothes that make one remember suddenly that the young El Greco would have been in Venice soon after it was done. But there is space enough only to name the sponsors who have made the exhibition possible: The Sea Containers Group, Venice Simplon-Orient-Express Ltd, and special facilities provided by the Banco Nazionale del Lavoro, Alitalia, and British Airways.

Jazz/Kevin Henriques

Le Grand Duc

Ellington is the toast of Paris

Any jazz enthusiast visiting Paris between November 22 and last Sunday will have made straight for the *Théâtre Musical de Paris Châtelet* (place du Châtelet) to ensure seeing *Duke Ellington's Sophisticated Ladies*, the much-acclaimed New York show presenting the music of the greatest, most influential composer in jazz.

For the listener it was a musical banquet of Lucullan dimensions, over 30 Ellington songs (plus his theme, "Take the A Train," composed by Billy Strayhorn, his alter ego), strung together without any story or logical thread and staged with elegance and panache which the enormously sophisticated Ellington would have admired.

For the devoted Ellingtonian this production, which contained only one principal (Gregg Burge) from the original Broadway cast, was a joyous occasion, stemming in no small part from the spirited playing of the pit orchestra of experienced French muscians, including several well-known jazz players, plus drummer and pianist/ musical director from the States. The 15 interpreted Al Cohn's arrangements with devotion, enthusiasm and brio and, after the final curtain on the night I attended, were rewarded with rapturous applause which continued long after the singers and dancers had disappeared.

Jazz initiates would be quite satisfied to hear in one evening so much of the Ellington *oeuvre* but for it to be an integral part of a lively stage show is a substantial bonus though, for my taste, the few disappointments were in non-musical spheres.

The choreography, by Henry LeTang and Michael Smuin, who directed the entire production, was undistinguished though the Châtelet audience eagerly applauded some ordinary tap-dancing and expressed inexplicable delight whenever male danrers did the splits. The settings, by Tony Walton, no more than simple, were most effective whenever Duke's visage was seen on a backcloth. The most recent Ellington song included, "Imagine my Frustration" (1966), was given a modern, rather trendy treatment, musically and theatrically, while for some odd reason the indestructible "Mood Indigo," was shared, not successfully, between two singers.

In the all-important singing department the show was served particularly well by Ira Hawkins and Dee Dee Bridgewater, a former big band singer who, in 1975, won a Tony Award for her performance in the Broadway musical *The Wiz*. She projects her powerful wide-ranging voice, with its Dinah Washington and Sarah Vaughan overtones, dramatically and allies it with an assured stage presence.

But her roots remain deep in jazz, a fact she underlined nobly one evening shortly after Christmas when, within 30 minutes or so of coming off-stage, she was beginning an 80-minute set with a French rhythm section at *New Morning*, a spacious but spartan jazz venue in rue des Petites-Ecuries. Here she showed her not unsurprising versatility in a variety of songs in a range of moods—from "Cherokee" (with scatting) to "Peace" by Horace Silver.

Apart from the Sophisticated Ladies company the American jazzers in Paris during the past few weeks were the same as those in London. Gone are the days when visitors to the French capital excitedly sought out American musicians who never visit Britain. This [...] vides the spur, however, [...] check out the locals, always illuminating, sometimes a [...] warding exercise.

Two of France's elder sta[...] men on Jazz, Maxim Saury [...] Claude Luter, were to be he[...] several times in Paris. Cla[...] nettist Saury, virtually unre[...] nisable as the sleek, dap[...] figure of some 20 years [...] leads his band mainly [...] dancers rather than for [...] listeners, at the Coreon de [...] *Huchette* (rue de la Huchet[...] Alas his Barney Bigard-inspi[...] playing is the sole un[...] within a band which can [...] described only as *pénible*.

Not far away, but on [...] Right Bank of the Seine, [...] Claude Luter with his six-p[...] group at the *Slow Club* (rue Rivoli). A youthful lool[...] Luter often ployed with Sid[...] Bechet and is a worthy disc[...] on soprano-sax, while [...] clarinet work is firm and flu[...] His sextet, with a drum[...] thumping boringly on snare [...] bass drum plus a mispla[...] bass guitarist, is as dismal [...] Saury's but Luter himself [...] relieve the tedium by play[...] one set alone with the rhy[...] section.

Among the younger gen[...] tion of French jazzmen [...] several outstanding guitari[...] few more so than Chris[...] Escoudé, who was heard in [...] different but equally reveal[...] settings. At *Le Sunset* (rue [...] Lombards), he led his regi[...] quartet and showed those [...] familiar with his playing [...] bow profound and eclectic h[...] With him were a versat[...] totally involved trio in wh[...] Olivier Hutman's use of e[...] tronic keyboards was refr[...] ingly intelligent, Jean-M[...] Jafet's talent on guitar, [...] guitar and conga drum [...] standing and Tony Rabes[...] propulsive drumming.

A few nights later a sh[...] distance away at *Le P[...] Opportun* (rue des Lavandi[...] Ste Opportune) Escoudé [...] one of a trio of guitarists, [...] of gypsy origin, who produ[...] music of quite sublime qual[...] each complementing the oth[...] with plenty of counterpo[...] judicious accompaniment [...] hind the solos and, above [...] mutual respect for each oth[...] style. Boulou Ferré, with [...] echo on his instrument, has [...] harder sound of the three [...] it was he who set the ni[...] alight with his solo choruses [...] "Straight no Chaser." Ba[...] Reinhardt, at 39, has to ca[...] the burden of being Djan[...] son, but wisely adopts a [...] ferent approach to his ger[...] father, playing in a softer v[...] in a modern style. Escoudé [...] the passionate one, fast and [...] times almost ferocious, obt[...] ing diverse effects with [...] without plectrum, alternat[...] between two guitars, a Gib[...] electric and an electro-acou[...] Ovation.

Some days previously bl[...] British pianist Peter Jacob[...] played at the same venue [...] part of a three-nation quar[...] Known mainly in this cour[...] through his work with teno[...] Bobby Wellins, Jacobsen acc[...] panied an Italian tenorist [...] far different ilk, full-blow[...] at times aggressive. T[...] Britisher managed to fit in [...] with his EEC partners am[...] whom French drummer [...] Dervieu was assuredly [...] name to remember.

Arditti String Quartet concert

A concert consisting enti[...] of string quartets written w[...] in the last 20 years will [...] given by the Arditti Sa[...] Quartet at the Bloomsb[...] Theatre, Gordon Street, Lon[...] WC1, on Sunday January 15 [...] 7.30 pm. This is the first [...] four concerts in a [...] organised by the Arts Cou[...] Contemporary Music Networ[...]

Ravel Festival/Covent Garden

David Murray

Ravel didn't compose much—less than any other major composer with a comparable lifespan. That makes a Ravel Festival a very manageable proposition, but there's also the risk that most of the music is justly familiar to most music-lovers. All there is to "discover" amounts to some individual songs, a few occasional pieces and the early music disgorged by the Ravel estate in recent years.

The London Sinfonietta's current Festival has not been assiduous with the obscurer music. The early "Shéhérazade" Overture will be heard, but none of the three cantatas with which Ravel notoriously failed—three times!—to win the Prix de Rome His orchestral versions of various keyboard pieces and songs are omitted; so are his piano transcriptions of orchestral pieces. The least-known music has been concentrated into two Royal Opera concerts: Paul Crossley's campaign through the complete piano *oeuvre* next Tuesday, and the marathon of chamber music and songs that we had on Sunday.

That was fun, but patchy. The unscreened platform proved inhospitable to the piano; it sounded throttled with lid half-closed—most cruelly in the Trio, but some songs suffered too—and overbearing when fully open. The two pianos on which Crossley and John Constable played (stylishly enough) the early *Sites auriculaires* and the gnomic "Frontispice" were grossly unbalanced, Ravel's ultra-refined ear was betrayed. In other musical respects all the performances were at least goodish, some very creditable, none greatly distinguished.

Ernst Kovacic was the violinist in *Tzigane*, the Trio and the charming Berceuse on Fauré's name, as well as the violin sonatas—both the mature work and the early study. He had trouble throughout with high harmonics; otherwise *Tzigane* sizzled properly, once past an underweighted prologue, and he brought a playful imagination to the grown-up Sonata. Its predecessor is historically inteersting, but works a little appealing material terribly hard.

The pleasure of hearing each movement of the real Sonata taken correctly up-tempo would have been greater had it been more reliable. In most Ravel, strict tempo—or a plausible illusion of it—is a *sine qua non*, as should be expected of Fauré's best pupil: *the first* movements of the Sonata, the Quartet (played by the Medici Quartet) and the Trio were all a bit wayward. There were exquisitely realised moments in the Quartet, though the acoustic deadened its pizzicato scherzo and the theatrical brilliance of its Finale. The great Trio never took fire, despite its excellent personnel (Crossley, Kovacic and Ralph Kirshbaum); with much of the music a couple of metronome-notches too slow, some lapses suggestive of under-rehearsal and the piano dimly backward—all of which made for a grey, low-profile Passacaille—it was obstinately unexciting.

All the Sunday songs went to Felicity Palmer, who projected them strongly with varying degrees of penetration. Ravel's arrangements of Creek folk songs were delightful, like the Vocalise; "Kaddisch" promised to be grand in another year or two; the earlier songs wanted more simplicity. With the choked piano, Constable's reliable gifts—more a matter of precision than of projection—were inadequate to the spinet-magic of the second Marot song and the lively Christmas-toy noises of the "Noël des jouets." Good quick sketches; I wanted more.

Crossley and Constable concluded the proceedings with the *Ma Mère l'Oye* duets, perfectly crafted music played here with much sensitivity and very rough ensemble — the players' hands struck scarcely a beat in unison in the first two pieces. I'm sure that the children (8 and 10 years old) who gave the première were tidier. For Festival purposes, one might surely expect polish as well as all this freehand musicianship.

Britten in Kentucky

Andrew Porter on 'The Turn of the Screw'

The festival issue of *Opera* reviews four different productions of Britten's *The Turn of the Screw;* it's the opera that appears most often in its pages. It's time to abandon the old cliché that *Turandot* (1926) is the last work to have entered the international repertory. The *Screw*, flourishing nearly 30 years after its premiere, is plainly up there with *Wozzeck* and *Peter Grimes* and *The Rake's Progress*. In America, I've now seen three productions: the City Opera's, Colin Graham's for St Louis and, most recently, the Kentucky Opera's, which has been playing to full houses in Louisville. All three were gripping.

In these pages last year, Max Loppert, reviewing the Kentucky *Alceste*, wrote of the company that Thomson Smillie, graduate of Scottish Opera and then of Wexford, now directs. Since then the Kentucky Arts Center has grown from a hole in the ground to a gleaming palace beside the Ohio River. It has just opened. Smillie will now have, besides the 1,400-seat Macauley Theatre — the opera's present home—a huge 2,400-seat house and an intimate 620-seat house in the new Center; enabling, say, *Lohengrin*, *Lucrezia*, and *Lucretia* to be done each in a theatre of appropriate size.

Maybe the *Screw* is surefire. I've never seen a bad production, never seen one in which the singers weren't seized by their roles and inspired to give detailed, arresting performances. This Kentucky *Screw* seemed to me uncommonly good. Edith Davis was a brave, shining young Governess. Sam Jensen was an assured little Miles. Glenn Siebert, one of America's more cultivated young tenors, was a brilliantly precise Peter Quint. The instrumentalists, conducted by Robert Bernhardt, were eloquent. The stage imagery of Nicholas Muni, the producer, was sure, Jeffrey Beecroft's designs simply and effectively suggested the country-house comfort and security that make the horrors more alarming.

Myfanwy Piper's libretto, by including a famous Yeats line as the insistent refrain of the ghosts' colloquy, reminds those who need reminding that the opera is more than a ghost story with a strong, subtle score:

Mere anarchy is loosed
Upon the world,
The blood-dimmed tide is
loosed, and everywhere
The ceremony of innocence
Is drowned;
The best lack of all
Conviction, while the worst
Are full of passionate
Intensity.

The production chimed with news from the Lebanon, from Central America, from Grenada, and made one think about responsibility, about the doubtful acts that allow our picnics in the sun.

And on a simpler level it stressed the increasing importance of small-scale opera—physically small but musically and dramatically adventurous, properly rehearsed, intelligent and imaginative in conception and in execution — in an age when spirals of mounting cost, narrowing repertory, and "super-star" hype ever more tightly around the big companies and can lead to such things as the Met's childish *Ernani* and (to judge by the reviews I read) Covent Garden's *Esclarmonde*.

Elliott Carter the other day, talking at the New School, suggested that our huge, expensive concert halls and their large orchestras might do worse than follow the example of the dinosaur movie palaces and break into three or four pieces. The Kentucky *screw*, the American premiere of Maxwell Davies's *Lighthouse* in Boston, even Peter Brook's potted *carmen* here in New York, have been the living operatic events of the season. But I mustn't forget the Met's *Peter Grimes* and Covent Garden's *Boris*. solutions aren't easy.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

January 6-12

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Don Giovanni, sung in Italian. Die Meistersinger von Nürnberg and Lohengrin are presented with René Kollo, Hans Sotin, Ann-Marie Häzgander and Leonie Bysanek. Aida has Katja Ricciarelli in the leading role. Hänsel und Gretel rounds off the week. (34381)

Hamburg, Staatsoper: Bach's Amadis, rediscovered by Helmut Rilling last year, is of respectable standard with Helen Donath and Carla del Re in the main roles. There has been much acclaim for Arnold Schönberg's Ein Überlebender aus Warschau / Die Glückliche Hand / Die Jakobsleiter, shown for the first time in Hamburg. The three one-act operas are produced by Peter Mussbach and conducted by Christoph von Dohnanyi. Luisa Miller highlights the week with outstanding José Carreras and Eugenie Moldoveanu and the conducting of Guiseppe Sinopoli. (331151).

Frankfurt, Opera: Der Türke lo Italien features Paula Page and Pari Samari. Yoko Watanabe makes her debut as Madame Butterfly. Der Fliegende Holländer has Hartmut Welker in the title role, and Lisbeth Balslev as Senta. Ein Maskenball is steered to triumph by Mara Zampieri in the part of Amelia. Also Cav and Pag and My Fair Lady. (25621).

München, Bayerische Staatsoper: Arabella has fine interpretations by Lucia Popp and Marjana Lipovsek. Tosca has Marilyn Zachau and Giacomo Aragall in the leading roles. Manon Lescaut, sung in Italian, is conducted by Guiseppe Patane. It brings together Raina Kabaivanska and Ernesto Veronelli. Die Lustigen Weiber von Windsor closes the week. (21851).

LONDON

English National Opera, Coliseum. The Excursion of Mr Broucek, Janacek's uneven yet magically inspired opera fantasy, returns to the Coliseum with the same team – Gregory Dempsey in the title role, Charles Mackerras as conductor – who brought it there in triumph a couple of years ago. The Traviata revival is notable for the Violetta (London debut in the role) of Nelly Miricioiu, one of the brightest young talents on the operatic scene. Madam Butterfly has Eiddwen Harrhy in the title role and the Sicilian Gaetano Delogu as an inspiring and idiomatic conductor. (8363161).

Royal Opera House, Covent Garden: The Sleeping Beauty and Cinderella.

Royal Festival Hall (9283191): London Festival Ballet in The Nutcracker followed by Ben Stevenson's Cinderella.

Sadler's Wells, Rosebery Avenue (2788916): Sadler's Wells Royal Ballet follows The Taming of the Shrew with an attractive triple bill.

PARIS

Don Quichotte, Ballet in three acts to Ludwig Minkus's music, choreography by Rudolf Nureyev after Petipa, production by Rudolf Nureyev, and costumes by Nicholas Georgiadis, conducted by André Presser/John Lanchbery at the Paris Opera – Palais Garnier (2665022).

Ballet Théâtre de l'Arche presents May 8, a creation by Maguy Marin inspired by Beckett treated with the theatrical gift of a Pina Bausch, Théâtre de la Ville (2742277).

ITALY

Milan, La Scala: Turandot conducted by Lorin Maazel, designed by Franco Zeffirelli with Placido Domingo and Katia Ricciarelli; L'Italiana in Algeri conducted by Claudio Abbado, designed by Jean-Pierre Ponnelle.

NEW YORK

Metropolitan Opera (Opera House): The first seasonal performance of Peter Hall's production of Macbeth, premiered last season, stars Renata Scotto as Lady Macbeth and Sherrill Milnes as Macbeth. The 18th week of the centenary season also includes Mahagonny, La Bohème and the last seasonal appearance of Tristan und Isolde, conducted by James Levine with Hildegard Behrens as Isolde and Manfred Jung as Tristan. Lincoln Center (5809830).

New York City Ballet (New York State Theatre): The company's regular season of mixed repertory resumes with performances of The Goldberg Variations, Mozartiana and I'm Old Fashioned, among others. Lincoln Center (8705570).

Hello Dolly/Prince of Wales

Martin Hoyle

Was London so spoilt for good musicals that it really gave *Dolly* a mixed critical reception in 1965? If never hitting the heights, Jerry Herman's hustling score never loses its cheerfully chugging show-business buoyancy. Enough of Thornton Wilder's original play (*The Matchmaker*) shows through to amuse; and though tailor-made for a star personality it has almost enough resilience to survive the blank at the centre of Peter Coe's current revival.

I confess to bafflement at Danny La Rue's assumption of the title role. He neither opts for the panto-dame tradition of clumping masculinity bursting through incongruous feminine trappings (his drag expertise actually deprived a TV *Charley's Aunt* some years ago of its whole point), nor does he rewrite the part of a male character forced – as in *Come Spy With Me* – to don a convincing female persona for reasons of plot. He merely appropriates the role and plays it, if he'll excuse the expression, straight, thereby demanding comparison with such previous Dollies as Mary Martin, Carol Channing and Dora Bryan (getting warmer).

Even the novelty of a "look-no-hands" (mutatis, biologically speaking, mutandis) cleverness is absent. He sounds irredeemably masculine and is patently a man going through the motions.

On Tuesday night he sounded tired, and his opening routine was lacklustre, perhaps because of a fixed smile. His dancing is mainly jigging, twirling and walking up and down. He sensibly hardly tries to sing. At wistful moments, his tragic impression of a movie-queen up against it emerges as an unconscious parody of camp (surprisingly, all too possible). Never Dolly, he remains a man showing off an inexhaustible supply of frocks, sometimes fleetingly resembling Lucille Ball in a panic. We should be so lucky.

Lionel Jeffries imparts gruff authority to his miser's come-uppance, but ends up appearing bewildered beyond the call of duty. Lorna Dallas and Michael Sadler, the secondary couple, are endearing; and Tim Goodchild's designs are fun to look at.

A beamingly energetic chorus, smaller than ideal, vamps the audience with an old-fashioned but perfectly apt teeth-and-smiles approach. Sadly, every time their engaging vitality gets the show off the ground, the star's archly genteel quacking brings it back to earth with a wallop.

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Let the bank market work

QUITE a head of steam has built up behind the idea that international banks should help hard-pressed nations service their debts by holding down the margins and fees exacted when loans are rescheduled or fresh loans made. Mexico is a case in point. In acknowledgement of the rapid improvement in its financial position, its lead banks have offered fine terms on some $4bn (£2.82bn) of new loans. The suggestion is that banks should go further than this and offer other indebted countries easier terms *before* their finances improve to the point where they can demand a better deal.

During the unfolding of the debt crisis the banker's instinct has been to do the opposite. This opportunism attracted critical comment. It seemed inappropriate that banks should reap fat profits on loans to borrowers whose financial position was going from bad to worse—and at a time when the liquidity, and even solvency, of the banking system was increasingly dependent upon the support of the IMF and the central banks.

The problem is that official calls for lower spreads risk further distorting a banking market already heavily influenced by the official intervention that has held it together through the crisis. The "right" terms in any debt negotiation or renegotiation are a bargain struck between the borrower and banks *subject to appropriate regulartory constraints by the governments ultimately underpinning their affairs.*

Considerations

Banks locked in an embrace with an over-borrowed borrower face a different situation than when approaching such a borrower for the first time. They have to bear two conflicting factors in mind. First, they are being asked to make risky loans and ought to demand compensation for that risk. But, second, they have an overriding interest in preserving the viability of the borrower and therefore in avoiding terms that are too onerous.

The borrower has his own set of tactical considerations to worry about. The right terms are the terms agreed between both sides bearing all such factors in mind—they are market terms, not terms imposed by the moral suasion or jawboning of the authorities. Imposed rates will merely throw the market in sounder loans into confusion.

Perception

As it happens there is a growing and welcome perception within the banking business that insistence upon restored profit may prove short-sighted. Mr Leland Prussia, chairman of Bank of America, said recently that a troubled borrower is more likely to pull through if loan terms are eased, and he called for changes in U.S. bank auditing practices to allow this. Mr Rimmer de Vries, the chief economist of Morgan Guaranty Trust, has recently come out with similar arguments.

This is a valid shift of sentiment among bankers. What is more worrying is when the chairman of the U.S. Fed expresses an Olympian view that spreads should come down. His job is not to decide the prices that banks charge, it is to decide the monetary conditions in which the tense game is played out, and the regulatory norms that the banks must observe in playing it. The level of U.S. interest rates is of far greater importance to the fortunes of sovereign borrowers than any adjustment of the spreads on floating rate loans.

As for regulatory norms, the key role of auditors and regulators is to make sure that the profits distributed to shareholders are the real profits of soundly-based banks. If a bank decides to impose high spreads upon a borrower whose affairs are deteriorating, it is up to supervisors to see that appropriate provisions are made before the resulting profit is distributed. This should be the safety net against banks that choose to go for short-term gain and exploit the unspoken guarantee of the authorities.

Honours without merit

THERE is something incompatible between Mrs Thatcher's pursuit of a more meritocratic, market-oriented society and the preservation of the traditional honours list. The principle that merit should be rewarded by means other than money is beyond question in most countries, and has been throughout most civilisations. Sometimes the merit is obscure: the long-serving village schoolmistress, for example. It is right that her services should be properly recognised through a national honours system. Yet the British system, as presently practised, is in danger of going to extremes. It rewards the unmeritorious as well as the deserving and it has become unnecessarily long and complicated.

Subtle distinctions

There are four main charges against it. The first is that it perpetuates a peculiarly British form of snobbery. The second is that there are too many different categories of award. The third is that too many awards are given. And the fourth is that the whole system is excessively political.

Snobbery is endemic in the British way of life. The honours system encourages it. How else, for instance, does one explain the subtle distinctions between a CBE, an OBE and an MBE (themselves anachronistic terms) and the higher titles such as a knighthood? Why is it that a football player or a pop star tends to get a lower award than (say) a businessman whose company may not have been conspicuously successful? Pop groups, after all, must have done at least as much for British exports as many a manufacturing industry.

It is not self-evident that the present system fosters excellence. Too often, in the Civil Service at least, it may have the opposite effect. The way to an award is to be safe, conventional and to avoid the deviant view. The best of the Civil Service is probably above such considerations. It would perform well without the honours incentive. Yet the system is self-perpetuating. There is virtually no way in which a senior civil servant can turn down an honour. A head of the Treasury without a knighthood would look odd, so the honour is accepted as part of the job.

There is another side to the coin. The award of peerages to retired civil servants appears somewhat arbitrary. A case in point is the continuing absence of both the last head of the Foreign Office and the last head of the Treasury from the House of Lords, where the two of them would be worthy contributors.

The system could be simplified. There could be fewer categories: (say) peerages, knighthoods, and one rank below, plus the special awards such as the Order of Merit or Companion of Honour. It could also be dignified by making an award the exception rather than the rule: it is hardly in the pursuit of excellence, for example, that practically every board member of a nationalised industry is made a CBE.

Part of it could be privatised, as to some extent is already happening. Who is to say that the Booker Prize for Fiction, or the Nobel Prize for anything, is any less prestigious than an official British award? The professions can find ways of recognising their practitioners without relying on state patronage, just as the footballers can take pride in winning an FA cup medal.

Independent commission

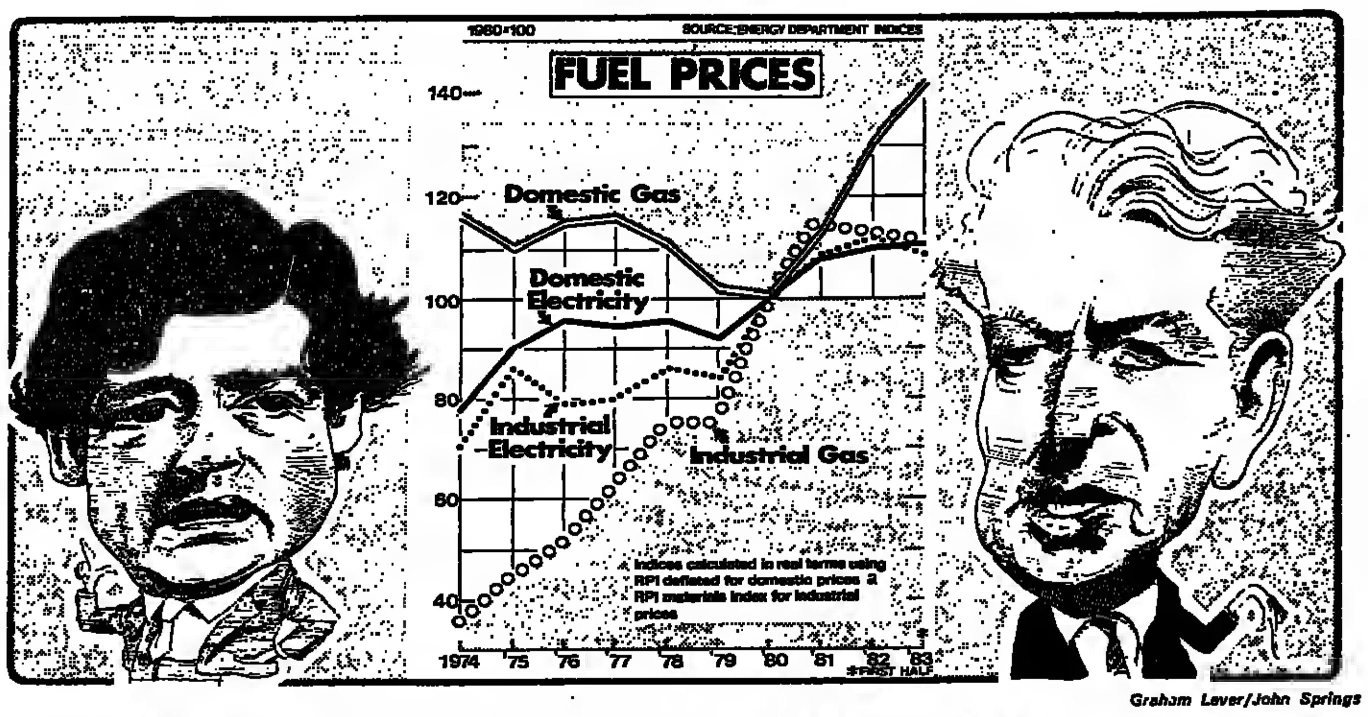
Yet the greatest case for reform lies in taking the honours out of politics. The Prime Minister of the day is elected to run the Government, not to give awards across the board for merit. One way of changing the system would be to have an independent commission. Inevitably, it would be composed of those previously recognised as "the great and the good." The churches, the universities, the armed forces, the TUC all come to mind as bodies capable of providing participants, and the more representative the commission could be of society in general the better. As for appointments to the House of Lords, they could still take place in consultation with the political parties, but subject to the commission.

Such a reform would not be foolproof, but at least it would be less open to abuse.

BRITISH ENERGY PRICING

The two per cent solution

By Ian Hargreaves



Graham Lever/John Springs

Mr Nigel Lawson, Chancellor of the Exchequer (left) versus Mr Peter Walker, Energy Secretary (right)

THE still simmering row between Mr Peter Walker, the Energy Secretary, and Mr Nigel Lawson, the Chancellor, over energy prices has been remarkable, even by the standards of the murderously urbane exchanges which characterise wet-dry Tory politics.

The boiling point came at a December Cabinet meeting, when these two senior politicians advanced rival propositions. Mr Walker wanted no change in electricity prices this year. Mr Lawson wanted a 3 per cent increase. After the Prime Minister's intervention, they compromised at 2 per cent, with an exemption for industrial customers.

In hard cash, it came down to a squabble over £270m—the difference between the two ministers' opening positions.

The idea of two Cabinet Ministers publicly brawling over such a sum and in so doing reducing relations between their departments to a level of mistrust unsurpassed in the memory of senior civil servants involved, requires some explanation beyond the temperamental incompatibility of the ministers involved.

That, presumably, is the intention of the Commons Select Committee on Energy, which next week opens a four-session inquiry into the dispute.

The difficulty for the MPs, as they discovered last time they tackled the subject, in 1981, is that the deeper you plunge into energy pricing, the darker the technicalities become. If the scholastic theologians of the Middle Ages had been around in the 1980s, they would surely have worked for the Central Electricity Generating Board helping to calculate and apologise on behalf of its bulk supply tariff. That is the price at which the CEGB sells electricity to the country's area boards.

At the heart of the matter is the disputed relevance to setting energy prices of the concept of long run marginal cost pricing (LRMC) and its variants.

The concept involves charging enough for each unit of power to reflect the cost of plant needed to produce an additional kilowatt of power on the coldest day of the year.

The problem is that if you do not get pricing policy right, there is no chance of meeting more sophisticated objectives, such as fossil fuel depletion strategy, investment planning or even, in the end, efficient management.

When Mr Lawson became Energy Secretary in 1981, following the sacking of Mr David Howell, he inherited a fairly clear policy on gas prices and a very muddy one for electricity.

Following the 1979 Price Commission report on gas, the Government had decided to force a 10 per cent a year real increase in gas prices between 1980 and 1983. This was intended to drag gas back into some kind of line with world energy price trends, restoring the hallowed principle of "economic pricing"—that is pricing which reflects the industry's true, long-run costs.

For electricity, the problem was that large price increases (17.2 per cent and 10.3 per cent in 1980 alone) were proving inadequate to raise the industry from losses at a time of soaring oil prices. Electricity lost £771m in the two years 1980-81. Meanwhile heavy industry, recession-bound, was baying for relief from energy costs and presenting some convincing data that heavy continuous electricity users were paying significantly more for their supplies than competitors in France and Germany.

The Government responded to this case by freezing industrial gas prices in April 1982—they are still frozen—and asking electricity to devise cheaper tariff structures for big users like paper mills and chemical plants.

At the same time Mr Lawson advanced into the mysteries of the bulk supply tariff (BST), announcing to officials that he did not believe the conclusions of an internal report commissioned by Mr Howell, which had given the BST a more or less clean bill of health as a mechanism for setting electricity prices under the LRMC formula.

Mr Lawson hired accountants Coopers and Lybrand to review the arguments. At this point, like any good Energy Secretary with an election on the horizon, he was concerned to find ways of holding down prices rather than the reverse.

The Coopers report, when it was completed in 1982, delighted Mr Lawson, but since it has never been published, comment upon it is necessarily based on second-hand information.

It dissected the scholastic theology of the BST and concluded that if only the CEGB worked out prices on the basis of the net avoidable cost (NAC) variant of long-run marginal cost pricing, rather than the net effective cost variant (NEC), electricity prices could be cut by between 5 and 10 per cent and then frozen for several years.

NAC would mean the board reflecting in its charges only the cost of keeping or closing existing plant. NEC calculations add in the theoretical cost of building new stations far into the future to meet equally theoretical increases in demand.

Coopers suggested that since the CEGB has lots of excess capacity and may not build any power stations in the next ten years, NAC made more sense than NEC given the vast range of present planning uncertainties. The board and the Electricity Council favour NEC.

> Mr Lawson's case was that an industry which could find an extra £440m without raising prices was defective . . .

One of the more amusing sidelights on the affair was provided in the course of last month's Cabinet discussions, when the Treasury submitted a paper to ministers claiming that the Coopers report showed the opposite of what it did — namely that "electricity prices are now approaching economic levels, but are not above them."

Back in his Energy Department days, Mr Lawson had interpreted the Coopers report rather differently, using it to persuade a reluctant Treasury that the electricity supply industry's already modest financial target of a 1.6 per cent return on assets could be cut to 1.4 per cent, without violation to the cherished principle of economic pricing.

By this time it was also clear that the lull in power station building was transforming the industry's finances. By 1982, cash flow from depreciation matched almost exactly current cost capital investment, the interest bill was falling and large profits had started to flow: £332m in 1983 alone.

Following Mr Lawson's victory on targets, the Electricity Council was able to announce a zero average price change for April 1983 in the context of what it hoped and believed would be an effective freeze from 1982-1985. The general election was held in June.

This was the A-Z of keeping down fuel prices inherited by Mr Walker when he took over from his political rival after the election. By the autumn he was talking to British Gas and the Electricity Council about their respective price fixing anniversaries: October for gas and April for electricity.

British Gas wanted to raise prices. Although it, too, is making record profits—£663m in current cost terms in 1982-83 for a 5.7 per cent return on assets—it is suffering from two steeply rising cost factors: capital expenditure which will increase from £515m in 1981-82 to an estimated £1bn this year as the search for gas reserves intensifies, and higher prices for the gas bought in from outside suppliers in the North Sea. British Gas's average cost of gas supplies has risen from 2.03p a therm in 1980 to 11.6p last year. It will probably pay around 30p a therm for gas from the Norwegian Sleipner field in a deal now close to completion.

British Gas's worry was that the proceeds of its price rise might be taxed away by the Chancellor when he increased the corporation's negative external financing limit (EFL) in his Autumn Statement. This is the amount the industry has to pay the Government out of annual income.

After some pre-Cabinet skirmishing, however, British Gas was content with an EFL of Minus £100m, compared with zero in 1983-84. This involved a recently confirmed financial target of 4 per cent a year return from 1983 to 1987 and a price increase this month of 4 per cent for domestic consumers. Industrial prices are still frozen, but will probably rise in April.

The argument about electricity's productivity became crucial at the December Cabinet meeting, when Mr Walker argued that since the Electricity Council had now been given a much larger negative EFL (£740m against £300m), it should be allowed to freeze prices if this was still possible.

Mr Lawson replied that an industry which could find an extra £440m without raising prices was defective either in mathematics, management or both. The Cabinet agreed and the 2 per cent compromise price rise followed.

So far as the politicians are concerned, apart from some formalities and the Select Committee inquest, that is more or less that. Mr Lawson no doubt feels he added to his reputation as the hammer of the wets, but he did also get himself called "naughty Nigel" and "an electric shocker" in the Tory tabloid press which, without exception, backed Mr Walker. The Energy Secretary no doubt feels he confirmed his stance as pro-manufacturing industry, pro-reflation and pro-jobs.

But where, beyond the political gamesmanship, does all of this leave the science of fixing electricity prices, the NEC, the NAC, the LRMC and the BST? Can the 2 per cent figure be justified on the basis of economic pricing, or is it a form of tax on electricity consumption?

The problem, as Mr Lawson saw clearly and to his advantage, that the computation of the BST is, like most branches of economics, only scientific to a degree. Given the uncertainties about future demand, fuel costs and plant building costs, the NEC/NAC equation is bound to contain a margin for error which would permit the industry to argue for any point within a 3 per cent range on prices.

It is certainly the case that the methodology of the BST can be criticised. In addition to the Coopers and Lybrand analysis, heavy electricity users are pleased with a recent paper from two Oxford economists* which argues that the CEGB has mixed up its methods thoroughly and in so doing produced a system which automatically discriminates against heavy, continuous users in favour of consumers whose demand pattern has high peaks and low troughs.

But if long run costing is an imprecise concept, there are other yardsticks available to consumers for assessing the fairness, if not the economic logic, of the price they pay for fuel.

The favourite is to compare British prices with those on the Continent.

Exchange rates and other factors make precise international comparisons difficult, although the European Commission attempts them as part of its effort to prosecute unfair subsidies as part of community competition policy.

For what they are worth, the latest figures show Britain seventh in the league of ten for domestic electricity prices, ninth for low capacity industrial users and seventh for higher demand industrial users. But in terms of trend, British prices have increased more rapidly since 1979 than those in France and Germany.

None of this, however, is likely to deter the politicians since setting prices in state-owned industries is, by definition, political.

The objective, probably more broadly accepted now than at any time in the last 10 years, is to create a lucid and rational pricing framework. LRMC, which is also used by several other European utilities, is probably the best tool available for this.

With a lucid system, at least the political argument can take place in a sensible context. That will not stop clever Energy Secretary poachers turning Treasury gamekeepers, but it might occasionally help in catching the gamekeeper with a pheasant in his bag.

* *Distortions in Electricity Pricing: Oxford Bulletin of Economics and Statistics, November 1983. M. D. E. Slater and G. K. Yarrow.*

Men & Matters

Taking stock

Bonds forged in battle can be renewed in peacetime. In 1979 and 1980 brokers Rowe and Pitman joined with jobbers Akroyd and Smithers on behalf of Harry Oppenheimer's de Beers to stalk and finally raid Consolidated Gold Fields — an affair which provoked a lengthy (if largely uncritical) Stock Exchange investigation.

Yesterday the various conspirators in the Gold Fields Affair announced closer links. A 29.9 per cent in R and P is to be taken by Charter Consolidated — which emphasises its Britishness but nevertheless is 36 per cent owned by the Oppenheimer group. And, at the same time, the brokers are getting together with Akroyd to form an international equity business.

But Peter Wilmot-Sitwell, Rowe and Pitman's senior partner, made it clear yesterday that the choice of Charter as an outside investor was anything but automatic. Around 30 possible deals had been chewed over before Charter emerged just before Christmas to end the long search for the "perfect partner."

Ever since Wilmot-Sitwell took up the reins of R and P in April 1982, the fortnightly board meeting has had a regular agenda item on the need to increase the firm's capital base. One mooted idea was a stock market flotation, a proposition apparently favoured by some of the firm's 37 partners. But Wilmot-Sitwell was not one of them: "I wasn't very keen — too high-profile, really."

Now Rowe and Pitman will have the use of another £16.2m from an outsider with which it has already had long connections. The continuity is important when nearly all of R and P's top men are relatively young and aim to stay for at least another 10 years.

Wilmot-Sitwell murmurs polite no comments to the often repeated suggestion that Rowe and Pitman are the Queen's brokers. But the firm has the reputation for being one of the best connected, if not quite the biggest in the London Stock Exchange. The new resources will enable it to expand in regions like the Pacific rim ("That's where we want to develop"). But the first priority it seems, is nearer at home—with a search for a single office to replace the present two.

Oil striker

Texaco's surprise coup in its $9.9bn takeover of Getty Oil, one of the richest prizes in the U.S. oil industry, is very much the work of one man—John McKinley, the 63-year-old boss of Texaco.

For the first 30 years of his career at Texaco, McKinley was indistinguishable from the hundreds of other engineers pumping oil through the company's massive refinery system. He took over as president in 1971, but it was not until the retirement of Maurice Granville in November, 1980, that McKinley began to make his mark.

He has cut 11,000 jobs from the company's worldwide payroll since the beginning of 1982, closed more than half a dozen refineries and drastically rationalised the group's sprawling network of service stations.

At the same time, he has embarked on a much more aggressive exploration programme

McKinley has been doing such a good job in turning round the fourth biggest company in the U.S., that last November, Texaco's directors asked him to delay his retirement from April, 1985, to December, 1986. The implication was that the board could not make up its mind who should replace him.

"'Ere—your cash machine has just swallowed my National Insurance Card!"

The two prime candidates at the moment are Texaco's vice-chairman, 56-year-old James Kinnear, and the company's president, Alfred DeCrane, aged 53. Both men have matched each other's progress through the Texaco hierarchy—elected directors in 1977 and executive vice-presidents, the following year.

Assorted chiefs

Running biscuit makers Huntley and Palmer seems to be a volatile occupation. Chief executive Keith Bright left for London Transport 18 months ago.

Last May the Palmer family directors were eased out by incoming owners Nabisco Brands. Now Nabisco's own appointee, Brian Healey, has left after only five months in the job.

Healey was brought in six months ago with something of a fanfare to weld together Huntley and Palmer with Nabisco's other British interests. A Yorkshireman, he had spent years working for Nabisco in Australia and was regarded as the group's most able international manager.

Sources close to the company say he did an excellent job on the amalgamation. Huntley and Palmer returned into the black in the third quarter last year—some months ahead of schedule.

Evidently, however, life Down Under is habit-forming. Healey slipped off back to Australia a month ago reportedly to head the Australian subsidiary of another large U.S.

Nabisco have brought in as his replacement John Greenlaus, a Canadian who served his time in the group's U.S. confectionery division. Stil under 40, Greenlaus is described—perhaps ominously for Huntley and Palmer—as a strong personality who will want results.

Nabisco also has a new non-executive chairman—Basil Collins who was just retired as group managing director of Cadbury Schweppes.

Collins will be working with a man who presided over one of America's most popular confections, Peppermint Lifesavers. But clearly Collins is not a man to be upstaged. He has just been appointed a director of the Royal Mint.

Rod and radio

The most unsporting piece of equipment I have heard of in a long time is being advertised in a U.S. magazine.

It is an automatic direction finder to be attached to marine radios. The great benefit, say the advertisers, is that you listen until you hear a chap boasting that he is catching fish. Then the machine tells you the course to steer to arrive in time to muscle in on his fish shoal.

Observer

Letters to the Editor

Pension fund management, computers and trying to beat the index

From Mr J. MacQueen

Sir,—Clive Wolman's article on pension fund portfolio management marks yet another step for English fund managers, along the path trodden by their American counterparts some ten years ago. As in the U.S., pension fund performance statistics have been marshalled to demonstrate that (historically at least), the funds would, on average, have done at least as well to invest in a judiciously random selection of stocks.

As a consequence, there now seems to be a danger that U.K. pension funds will turn "en masse" to index funds, thereby depriving "active" managers of their livelihood. Before this happens, however, it might be worth while to take a short cut past the American experience, bearing in mind the fact that index funds are currently seen in the U.S. as merely having a place beside active management, rather than excluding it altogether.

It is not correct to deduce from poor performance figures that active managers, backed by their analysts, cannot add value; what can be concluded is that their potential added value is not being reflected in the performance of their portfolios. To use the American term coined, I believe, to describe this phenomenom, there is a great deal of "slippage" between the investment judgments made by managers and analysts, and their implementation in portfolios. In practice, this reduces to two factors: a lack of any systematic techniques for building portfolios explicitly to reflect a given set of investment judgments, and too little discipline in maintaining a particular investment policy, and hence, too much interference with portfolios in (gut) reactions to short-term events.

It has been demonstrated on numerous occasions in the U.S. that there are a number of simple stock selection methodologies that have added value (including, for example, low-capitalisation, low price:earnings or low price:book ratios), and which, if applied consistently and systematically, will result in outperformance over time. Most investment professionals are aware of the value of such indicators; very few have the nerve to stick to them, for all such indicators work better at some times than others, and there is a great temptation to interfere when an indicator is not doing well.

The pension funds themselves are partly to blame for this state of affairs, for the great enemy of systematic and consistent fund management is the quarterly performance review. The temptation to yield to gut instinct and override the rigorous investment discipline built into a portfolio must become irresistible if the quarterly review approaches when the methodology is not working well.

Another potential myth that would best be laid to rest before it gains popular credence is that "it is almost impossible to make above-average profits out of at least the 250 to 300 largest UK companies whose prospects are thoroughly researched." It is very easy to demonstrate that this is not true: a portfolio consisting solely of ICI would have achieved very-significantly-above-average profits over the past year. This assertion could only be true if the performance of each of these 250 or 300 stocks was itself average; if this is not the case, then some of these stocks will significantly outperform others, and the opportunities for above-average performance are there to be found.

Index funds have a legitimate place among investment vehicles; they are low-fee, relatively low risk, average performance funds. There is nothing inconsistent in their being offered alongside higher-fee, higher-risk and potentially higher-performance funds. After all, the same kind of alternative is offered by most investment managers between gilts and equities.

The opportunity offered by the computer for good investment management firms, ie those with genuine "added-value" to offer, is that they are now able to apply rigorous quantitative techniques to pension fund portfolio management, and so eliminate the "slippage" between their potential and actual performance. This is only a threat to those managers whose "slippage" in the past has masked a potential under-performance.

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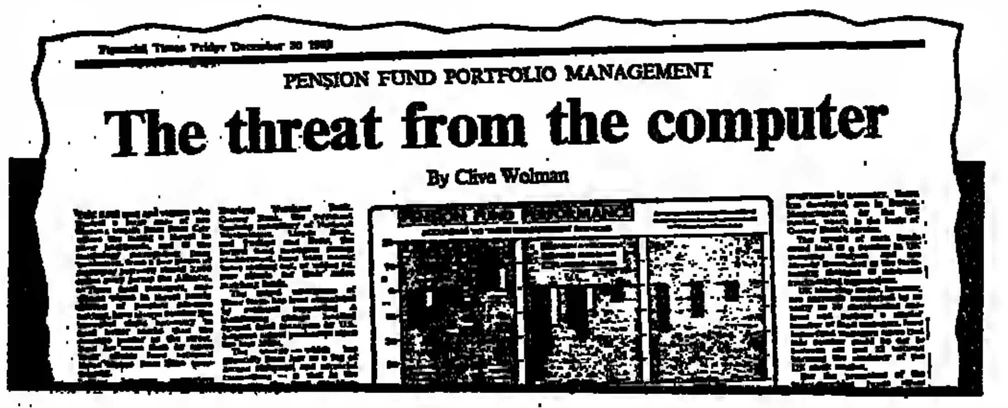
Financial Times Friday December 30 1983
PENSION FUND PORTFOLIO MANAGEMENT
The threat from the computer
By Clive Wolman

From the Deputy Chairman, Henderson Administration

Sir,—At risk of being thought to "protest too much," I feel it necessary to respond to the article by Clive Wolman (December 30) on pension fund management and performance.

Reading the article, one might well have thought that index funds were now a major part of U.S. pension fund management — $40bn sounds a lot of money — but it is probably rather less than 10 per cent of the private pension fund assets in the USA and an even less significant part of the total pension fund pool. At the end of September, 1983, the Standard and Poors composite index was capitalised at $1,228bn, and the total equity markets aggregated some $2 trillion (million, million). With some ten years of life behind them, I would not therefore consider index funds to have become a very major factor,— in fact if anything, I believe they may be in a relative decline.

It is quite true that they arose in a time of disappointment with performance, which coincided with the implementation of ERISA, and both trustees and managers were somewhat nervous — hence to match the index seemed attractive. Since then, such a large number of independent investment counsellors have been able to out-perform the S. and P. that there has been a lesser urge to "index". Index funds are a somewhat defeatist strategy, and can at times be greatly disadvantaged when particular industries are in decline. Furthermore, dealing costs have come down sharply in the United States with negotiated rates, and lessened the index's "advantage" of no dealing costs. To sell and re-invest, or to raise cash in a bear market is thus cheaper than before and this goes against the case for index funds: this will presumably also be true in the UK, and should the Government decide to remove stamp duty, it would be even less daunting for the manager to try to out-manoeuvre the index.

While discussing dealing costs, it is also worth pointing out that there are a number of specialist investment management groups that derive no benefit whatsoever from dealing on behalf of their pension fund clients, so the suggestion of a "financial incentive to overtrade" is simply not relevant, quite apart from it being a fairly controversial thought.

Where index funds have found a natural role in the USA is for the very largest pension funds. It is undoubtedly true that size is not always an advantage in fund management; at a certain point you lose flexibility, and the price of trying to be too agile is not justified. Hence a part of a fund may be committed to indexation, but in virtually every case, I think it will be found that the remaining balance of fund is then given to specialist managers whose size and record suggests that they can consistently produce a higher total return than the index over the longer term. Reading the article one might wonder whether such firms exist — but they do, and here in the UK also.

The Americans certainly have not given up trying to beat the index, and I cannot easily imagine that they ever will, and nor should the UK pension fund movement. Buying the stock of a company you know to be in dire financial difficulties, simply because it is part of an index must be a serious abandonment of fiduciary responsibility.

B. H. B. Wrey.
26, Finsbury Square, EC2.

From Mr G. Bagot

Sir, I refer to the article "The threat from the computer" by Clive Wolman (December 30). I show below complete information for each of the eight periods for which we have provided performance measurement reports.

The information in this table has to be examined with two important points in mind:—

(i) the return on the FT-A All Share index assumes re-investment of income without incurring any expenses. This factor reduced the typical fund's return by approximately 0.2% in each of the periods.

(ii) UK pension funds have positive cash flow and investment in UK Equities has averaged 10% to 15% of the initial market value already invested in this sector. Thus the typical fund inevitably incurred additional expenses, which reduced its return by a further 0.2% to 0.4% in each of the periods.

In this context therefore, the median pension fund's equity portfolio performed in line with the "adjusted" index, with the exception of 1975/82 during which period UK equity returns were distorted by the major upward movement in the market over the first six weeks of 1975.

Thus the author's statement that "the colective results are poor" is not justified by the facts over any "normal" period. While the computer may help to narrow the spread between the upper and lower quartile funds, it is not likely to improve the relative performance of the median fund.

Gordon M. Bagot,
Wood, Mackenzie and Co.,
68-73, Queen Street,
Edinburgh.

Annualised rates of return (%) of the equity portfolios of UK pension funds on the WM performance measurement service

	75/82	76/82	77/82	78/82	79/82	80/82	81/82	82
Upper quartile	31.3	20.6	24.6	19.7	22.4	27.4	23.1	32.7
Median	29.8	19.7	23.2	18.3	21.1	25.5	21.3	29.4
Lower quartile	29.1	18.6	21.9	17.3	19.9	23.7	19.0	25.8
FT-A All Share	31.9	20.3	23.6	19.1	22.0	25.7	21.1	29.1

From Mr C. Carlyle

Sir,—Clive Wolman's article (December 30) on pension fund portfolio management makes interesting, if familiar, reading. A fund with a net cash inflow of 12 per cent pa (including dividend income) need not incur dealing costs greater than 0.5 per cent of the value of the whole fund, assuming that a "buy and hold" policy is adopted and that there is no turnover of the existing portfolio. New issues and takeovers for cash, only if of significant size, do complicate matters.

It would seem reasonable, therefore, to expect that funds with an annual under-performance of 0-1 per cent against the All-Share Index over the years 1973-82 should represent the average rather than the upper quartile of returns. Perhaps the better investment brains lie within the 74 per cent of the UK equity market held outside the pension fund movement!

It is also worth bearing in mind, however, that the average UK investor, if not the average pension fund, cannot hold his apparent full quota of several major stocks including, for example, BP and Britoil. Until recently HMG's holding in these companies represented 20 per cent of the oil sector and hence over 2½ per cent of the entire equity market.

The table for the period 1977-1982 showed a more normal distribution with all returns within a range of 2 per cent pa either side of a substantial annual average figure for the market of close to 24 per cent (double the rate for the period 1973-82). Deviations from this average appear minor and surely the laurels must go to the pensions manager, wherever he may figure within the UK performance assessment, who actually identified the domestic equity market as the optimum investment medium. Total returns of 24 per cent pa during 1977-82 have exceeded those of all other major sectors —gilts (19 per cent), direct property (19 per cent) and U.S. equities (15 per cent) — by a handsome margin.

C. J. Carlyle,
22, Central Park,
Halifax, Yorks.

From Mr C. Foster

Sir,—Clive Wolman in his article "The threat from the computer" (December 30) points out that UK pension fund performance has consistently lagged the FT-Actuaries All-Share Index for the past 10 years. From this observation he makes a case for "index-matching" pension fund portfolios via one of the mechanically administered computer-based systems designed for the purpose.

In concluding that "index-matching computers are looming on the horizon" he fails to appreciate that the computer-based systems he describes have become superseded by cheaper and more efficient "index-matching" vehicles, namely stock index futures and options.

First introduced in 1982, stock index futures and options are now not only more important in dollar volume terms than the underlying markets they serve; they are also significantly cheaper to deal in.

It would seem that the demise of comouter-based "index matching" (Wells Fargo et al) owes more to oroduct redundancy than fund manager fear.

C. N. H. Foster.
The Brambles,
Form Lane,
Bembridge,
Isle of Wight.

Administration in Nigeria

From Mr V. Ogundipe

Sir,—Your editorial, "Impatience in Nigeria" (Jan 3), though in all probability sincere, must also inevitably be considered naive. The quest for democratic ideals cannot always serve as a sufficient rationale for political excesses and managerial incompetence. Unfortunate as the current disruption in democratic government may be, there is arguably a long-term, positive effect which yet another military intervention may bring about in preserving the democratic ideal in Nigeria.

Public accountability is the concept which Nigerian politicians are yet to inculcate. If it takes 10 more coups for the lesson to sink in, it would still be a lesson worth learning. The shameful rigging of the electoral process in the recent elections and a cavalier attitude in the disbursement of limited national resources, certainly does not suggest that the deposed administration qualified for the political support of responsible Nigerians.

While it may be conceded that recent initiatives of the deposed administration (e.g. rescheduling negotiations, central bank reorganisation, reduction of outrageous subsidies) were a step in the right direction, the past management record of the administration did not generate the public confidence that would have been indispensable to success. In that context, the recent developments must be viewed as salutary.

It is unlikely that the new regime will stray very much from the economic blueprint that is now on the cards. One nevertheless anticipates that there will be a greater commitment to managerial discipline, which is really all that the Nigerian economy requires.

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Lagos, Nigeria.

Pollution from Heathrow

From the Chairman, Federation of Heathrow Anti-noise Groups

Sir,—The content of Mr Lucking's letter (December 31) about aircraft movements in America has no relevance to the points made in the letter from the No T5 Campaign and the Federation of Heathrow Anti-Noise Groups (December 21) about aircraft movements at Heathrow. John Wayne airport is used, largely, by small private jets and helicopters of the commuting population of Los Angeles. There are only some 30,000 airline carrier movements at John Wayne while almost all the 275,000 movements at Heathrow are in that category.

The Heathrow limit was set by government following the fourth terminal inquiry, as an environmental measure and throughout the fifth terminal inquiry in 1983, those in favour of it (principally Herts and Essex County Councils who were anxious to prevent any airport expansion in their midst at Stansted, and British Airways which wants all its eggs in the Heathrow basket) assured the inspector that there would be no need to go over the 275,000 limit because the larger aircraft becoming available in the near future would carry more people, and while passengers would increase, aircraft movements would not.

Before Mr Graham Eyre, the inquiry inspector has had time to complete his report, British Airways is asking the Secretary of State to increase the figure to 300,000, as the present limit will be reached by the end of 1984. We hope, therefore, that the inspector is aware that the assurances given to him in this matter were spurious and should be totally disregarded.

It is of interest that the American people are fortunate to have some legal protection against the worst excesses of airline activity while we in Britain are disenfranchised by Act of Parliament and have no recourse to law against the abuse of our environment by the airline industry. If people who live near John Wayne Airport do not like being disturbed they have the opportunity to do something about it. The 1½m people affected by Heathrow's pollution, have not.

(Mrs) Evelyn Allee.
23 Palace Road,
East Molesey, Surrey.

U.S. Agricultural Policy

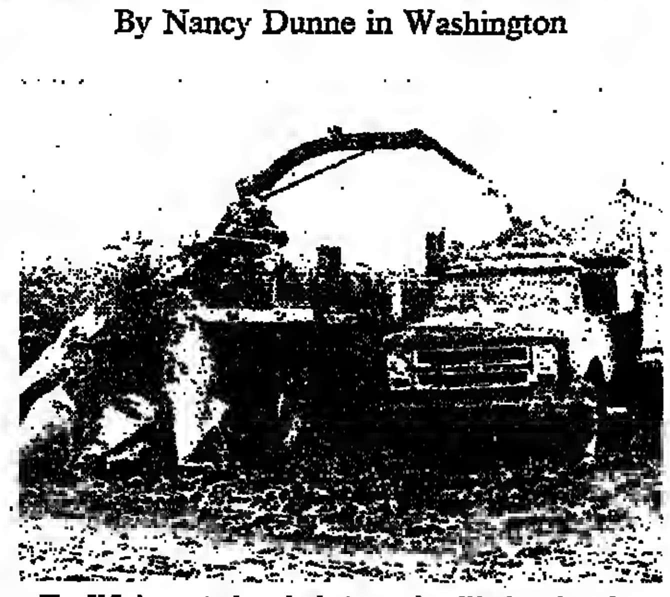
A whiff of the market-place

By Nancy Dunne in Washington

"SIX OUT of 10 farmers don't need, don't want or don't deserve any kind of public income support." **Mr Robert J. Tosterud, staff economist, Joint Economic Committee of Congress.**

"The direction of future farm policy is clear. Either we rely on the 'market place' with its inherent peaks and valleys in prices and supply or we adopt a rational, coherent supply - management programme."—**Mr George W. Stone, president, the National Farmers' Union.**

"A farm policy which needs re-doing every time there's a big crop or a small crop or a shift in the economic climate isn't a policy. It's a mess."—**Mr John F. Marten, staff economist, the Farm Journal.**


The U.S. harvest: drought last year has lifted grain prices

Thus begins what has become a quadrennial American rite: the debate over the next four-year farm programme. With Congress set to consider new legislation this year there is no consensus yet in sight on what direction any future U.S. farm policy ought to take. There is, however, a cynical pessimism that the current programme, though seriously defective, may be politically immune from radical change.

More than the future of 2.4m American farmers is riding on the ability of the U.S. political system to adapt farm policy to current economic realities. The "agriculture industry," as John Block, the Agriculture Secretary, has come to refer to farming and its agribusiness satellites is the largest single U.S. industry with sales accounting for 20 per cent of the GNP and total assets exceeding those of the 400 largest U.S. corporations combined.

In the 50 years since the U.S. Government first took the responsibility for maintaining minimum crop prices, the farm programme has undergone several evolutions, adding and discarding new or re-packaged schemes for various crops. The complex and costly mechanisms in place today advance loans for planting, provide subsidies if prices fall below "target" levels and store and pay farmers for surpluses kept in the "farmers' owned reserve."

Acreage controls can be imposed by the Secretary of Agriculture who may pay cash for surplus crops, as in the case of the payment-in-kind (PIK) programme. Foreign sales are pushed through government-sponsored promotion programmes and export loans or guarantees.

Each year the Department of Agriculture redesigns the "mix" of its grains programmes, depending on the farm outlook, the economy, funding available under the budget and the political pressures. In the recession years of 1981 and 1982, the department did little to control production, and net farm income sank to the lowest level since the great depression.

After the Republicans lost 25 House seats, many in the Mid-West, in the 1982 mid-term elections, Mr Block flew into action, introducing the PIK programme to reduce stocks and implementing it without even waiting for Congressional consent.

Grain and cotton farmers responded enthusiastically to the offer of cash and free crops for land left fallow and took more than one-third of their land out of production. Direct farm spending rose from $12bn in fiscal 1982 to more than $20bn in fiscal 1983.

All the spending would have done little to boost prices but for a fortuitous summer drought which severely cut maize and soyabean crops. Tight supplies lifted all grain prices, since livestock farmers are switching to the cheaper, plentiful wheat for feed.

Thus John Block and the Reagan Administration are heading into a presidential election year with the farm economy at least temporarily on the mend.

The secretary and his advisers, who came into office seeking "to take the Government out of agriculture" and instead introduced the most expensive farm scheme in history with PIK, have chosen their ground for the coming battle on farm policy. Having proved to themselves that massive Government intervention is expensive and flawed, they have returned to their original refrain, calling for "a truly market-oriented agriculture."

"We cannot continue to operate a farm programme with an incentive to overproduce both here and abroad, while the Government shoulders the entire burden of overproduction, Mr Block told the Joint Economic Committee last summer. Contending that policies must force the farmer to "feel the market" so that he will not overproduce, Mr Block is calling for some "appropriate level of income protection," but one that will not encourage competitors to expand production.

He seems to be leaning towards a loan rate mechanism based on moving price averages and a ceiling on the farmers' stockpile.

Under Mr Block's stewardship, marginal farmers may be in for disasters. He says that "In any healthy, progressive economic sector there is always a continuous sorting-out process which favours efficient and competitive firms."

It is the marginal farmers whom Mr Robert J. Tosterud, an economist on the Joint Economic Committee, would seek to protect through some form of government-subsidised but privately-provided income insurance. He and many other economists believe that the large, efficient farmers who collect the most from government programmes need it the least.

U.S. food production is not in financial jeopardy, but the 900,000 farm families in agriculture's "transition zone," are, Mr Tosterud says. To guarantee them a gross family income of, for example, $50,000 a year, minus realised farm and off/farm income could prove more effective and be less expensive than current programmes.

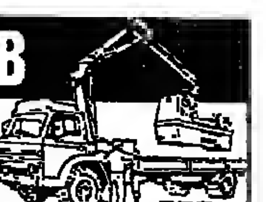
Because it could be portrayed as "welfare" the plan is unlikely to prove politically acceptable to the Reagan Administration. Nor is the scheme currently being pushed by Kansas Governor John Carlin and endorsed by the Midwestern Governors' Association.

Governor Carlin wants agricultural policy insulated from the political "whims" which he says produce short-term and short-sighted solutions. He is pushing for the establishment of a quasi-independent board, along the lines of the Federal Reserve, to create a long-term stable policy.

This board would decide on whether to adopt a free market approach or any other of the various alternatives being proposed, such as an export bank for stocks, a new international grains agreement and long-term stock corridor targets.

The more likely outcome is a Farm Bill which fails to pass in 1984, a regrouping under the next Administration and a rerun of the past as commodity groups push for new benefits and the Administration fights off demands for expensive new schemes. Mr Block is on record asking Congress "to rise above the pressures our constituents place on us daily and do the right thing for agriculture."

Few would place bets on the likelihood that the Administration or Congress will heed him.



FINANCIAL TIMES
Tuesday January 10 1984

CONSERVATIVES SET TO ADD SEATS IN TODAY'S ELECTION

Danes in the mood for change

BY HILARY BARNES IN COPENHAGEN

DENMARK's non-socialist parties scent an opportunity in today's general election to end the dominant position the Social Democrats have enjoyed in Danish politics for more than 50 years, and to re-establish the ascendancy of liberal values.

Economic issues have dominated the election campaign that followed the defeat of the 1984 Finance Act in the Folketing (parliament) last month, but the four non-socialist parties who were governing in coalition seem to be benefiting from a popular desire for a change in attitudes.

Business should not be discouraged from earning bigger profits, children should concentrate more on basic educational skills, the single-channel television state monopoly should be ended, and people encouraged to stand on their own two feet – those themes are now more widely voiced.

The desire for change seems to be particularly marked among younger voters, although the nuclear disarmament issue is influential.

After today's election, the first task facing the new Folketing will be to enact the 1984 Finance Act, and unless one or more of the parties that defeated the Act in December are prepared to change stance, it might be defeated again. That would lead, as Prime Minister Poul Schlüter warned last week, to "political chaos" and perhaps a second general election within weeks.

Few people really believe the situation will become as serious as that, however. In a country in which minority governments are the rule, Danish politicians are skilled in the art of knowing when the moment for compromise has come.

The election was caused when the anti-tax Progress Party joined the Social Democrats and two other socialist parties to vote against the Finance Act. The parties had very different motives, but it was, one observer said, like turkeys calling for an early Christmas, as both the Progress Party and the Social Democrats stand to lose seats today.

The Progress Party demanded massive new cuts in expenditure as its price for voting for the Finance Act, while the Social Democrats wanted to restore cuts in social welfare spending made by the Government, paying for the increased expenditure by raising corporate income tax from 40 per cent to 50.

The Conservatives are likely to increase their seats from 26 to 46, according to an eve-of-election poll published in the business newspaper Børsen yesterday, with the Liberals losing two and the Centre Democrats four seats. The Christians are likely to bang on to their four seats.

The 15-seat likely gain for the coalition will leave it 10 short of an absolute majority and still dependent on both the Radical Party and the Progress Party.

The Social Democrats, according to the poll, will lose four of their 59 seats, but their main rivals on the left, the Socialist People's Party, who have campaigned hard on the nuclear disarmament issue, are likely to retain their present 21 seats.

The defeated coalition had come into office 16 months earlier when the Social Democrats, unable to agree how to tackle mounting economic problems, resigned without calling an election or being defeated in the Folketing. Since then, as Mr Schlüter never ceases to say with some justification, optimism has returned to Denmark.

A new report on the Danish economy by the International Monetary Fund was drawn into the election campaign yesterday when Mr Henning Christophersen, Finance Minister, claimed that the report gave its seal of approval to the economic policies pursued by the four-party non-Socialist coalition government since it came into office in September 1982.

After almost a decade of Social Democratic rule, during which the deficit on the current account of the balance of payments and the foreign debt rose alarmingly, unemployment soared to over 9 per cent (despite expansive budgets that took the budget deficit to almost 13 per cent of gross domestic product) and bond market interest rates climbed to 22 per cent, the coalition achieved spectacular results in 1983.

Inflation was cut from 10 per cent to 6 per cent, chiefly because the indexation of wages and salaries was suspended. The current-account deficit was halved, the krone exchange rate was stabilised, the budget deficit brought under control and interest rates reduced to 13 per cent.

Exports have recovered, share prices doubled, housing and business investment is picking up and there is some – so far flimsy – evidence that unemployment is no longer rising, or at least rising more slowly.

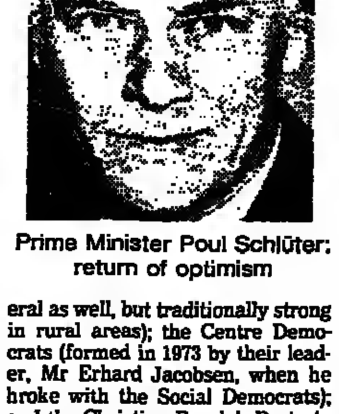
The election promises to be a triumph for Mr Schlüter, whose party might win more seats than at any time since the First World War. The party is about to cash in on the naturally cheerful personality of Mr Schlüter, a 54-year-old lawyer who is immensely popular.

The other leading personality in the election campaign is Mr Anker Jørgensen, the Social Democratic leader. Prime Minister for eight of the past 10 years, his prospects of regaining power are not good. A really bad performance could be followed by pressure on Mr Jørgensen to resign as leader.

The election has only one catch for the coalition: if the opinion polls are right the Conservatives seem set to scoop the pool, while the other parties will lose.

In view of that, one of the remarkable features of the election campaign has been the unwavering support for the continuance of the coalition from all four parties, so that for once the voters have the opportunity to choose a clear alternative to another Social Democratic administration.

Apart from Mr Schlüter's Conservative Party, a liberal party with its main support in the towns, the coalition includes the Liberals (liberal as well, but traditionally strong in rural areas); the Centre Democrats (formed in 1973 by their leader, Mr Erhard Jacobsen, when he broke with the Social Democrats); and the Christian People's Party (a green-tinged party with a particular appeal to what it regards as Christian moral standards).



Prime Minister Poul Schlüter: return of optimism

In the Folketing, the balance between left and right is held by the social-liberal Radical Party, as it has been for most of the past 50 years. Usually it has supported the Social Democrats, but changed horses on domestic policy when the Social Democrats gave up in 1982. The Radicals voted in favour of the 1984 Finance Act, which was the result of a compromise with the coalition.

The Social Democrats' decision to risk an election is especially difficult to explain, as it has completed their isolation from the mainstream of political influence. By voting against the Finance Act, they have in effect renounced the support of the Radicals for the foreseeable future and with it their chance of returning to office. That is why the other coalition parties are convinced that their time has come at last.

THE LEX COLUMN

Two-way bet for Rowe & Pitman

As one of the best-connected and most eye-catching propositions at the Stock Exchange ball, Rowe & Pitman has not lacked for eligible suitors. The size of its endowment made it possible for R & P to contemplate even an elegant spinsterhood, so it was surprising yesterday to discover that, having considered any number of proposals, the firm has opted for a relationship with both a wealthy childhood sweetheart and a partner already mixed up with the dashing S. G. Warburg.

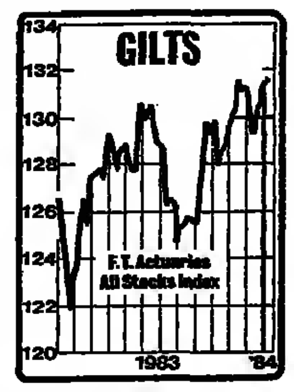
R & P has been connected with Charter Consolidated and the Anglo-American organisation – since the year dot, so the mining finance group was an obvious place to turn for capital. The other pressing requirement, market-making expertise, is being met through a joint international dealing venture with Akroyd & Smithers, the jobbing firm in which Warburg is taking a 29.9 per cent stake.

At first sight, therefore, Rowe & Pitman has neatly circumvented the conflicts of interest which would have arisen if it had taken up with a U.S. brokerage house or a London merchant bank. Yet it has also gained most of the advantages which would have flowed from a single link with a large financial intermediary.

The snag is that, like most bigamous relationships, the R & P arrangement looks provisional. Charter has publicly disavowed its previous policy of taking investment holdings in other companies in favour of a more active management approach and must surely be looking to take control of R & P when the rules permit. Given Charter's patchy acquisition record, that cannot be a prospect relished by the partners of R & P. Similarly, there must be some danger that Charter, in turn, will find itself on the wrong end of a takeover bid.

The deal with Akroyds will create the first combination of jobber and broker since the new international dealing rules were framed. R & P's distribution powers, with Akroyds' market-making abilities, make a powerful and logical combination but, again, it is hard to see how the relationship will last in its present form.

The parties concerned are in effect making artificial distinctions, between domestic and international as well as between equity and fixed-interest dealings, at a time when the tide is flowing the other way. Moreover, it is as unlikely that Warburg will want to maintain a passive investment in Akroyds indefinitely as it is that Charter will stay at arm's length from R & P.



R & P has secured from Charter what looks a respectable price for 29.9 per cent of one of London's most profitable stockbrokers. But, while £16.2m will provide a valuable boost to the broker's capital base, it may seem small beer a few years from now. All in all, R & P seems to have found a way out of its predicament which is cunning but begs as many questions as it answers.

Texaco/Getty

Presumably even the richest man in the U.S. could derive a frisson of excitement at selling the same company twice in the space of a few days, first for $8.7bn and then $9.9bn.

True, Mr Gordon Getty's role has been rather less instrumental in securing Texaco's $9.9bn deal to acquire Getty Oil than it was in the earlier arrangement with Pennzoil, but his acceptance of Texaco's terms evidently paved the way for the formal agreement already signed between Texaco and Getty Oil and announced yesterday.

The sudden death play-off has left Pennzoil's bid dead in its tracks. Legal squabbles may rumble on over this, but it is not the first time a preliminary agreement has been abandoned – as Texaco will surely argue – and the Getty board can hardly be said to have let down its shareholders by going for the higher price. Nor do anti-trust considerations appear too much of an obstacle for Texaco. Getty lost money in the first nine months of 1983 on its relatively small-scale downstream operations, while trust laws have generally been irrelevant to exploration and production activities.

Getty has an impressive exploration and production record, and Texaco's competitive edge after the merger might be expected to benefit as much from the new management resources at its disposal as the additional cash flow and reserves, though these will leave Texaco second only to Exxon in the world ratings.

The prospects must have improved, meanwhile, for a general review of Wall Street's valuation of oil assets in the ground.

Markets

Far from sending gilt-edged into their familiar nervous decline, sterling's tumble under the dollar steamroller has done the London market no harm at all. Perhaps an exchange rate of $1.40 is delivering some of the domestic price-supporting effects associated with exchange controls – by choking off the flow of institutional funds to New York.

In the short run, a lower sterling/dollar parity may be good for gilt-edged prices. As against the position two months ago, the comparison with U.S. bonds is now about 10 per cent more favourable to gilt-edged, taking currency changes into account. This helps to explain why there seems to have been little switching into U.S. bonds lately.

If the authorities became worried about sterling, things might look different, but the interest rate defences appear unlikely to be triggered as long as sterling goes on holding its own in trade-weighted terms.

Moreover, the gilt-edged market's cash flow barometer is set reasonably fair for the next few weeks. There are heavy coupon payments coming up, long taps are almost an historical memory, and the stream of rights issues has temporarily run dry.

If anything spoils this idyllic picture, it is the shadow of today's money supply figures, which are widely expected to be pretty awful.

The signals from the discount market suggest that bank lending has started to gather speed, a view which the clearing banks have encouraged by their increased mortgage rates and lending quotas. There is every chance that the growth rate of sterling M3 will emerge at 1½ per cent or more.

Jordan clears way for elections

By Rami G. Khouri in Amman

THE JORDANIAN Parliament met in extraordinary session yesterday for the first time for nine years and immediately amended the constitution to allow general elections to be held on the East Bank of the river Jordan.

Although the West Bank population – under Israeli occupation since 1967 – cannot participate, the new parliament could offer them an alternative voice to the one provided by the Palestine Liberation Organisation (PLO).

The constitutional amendment sets in motion a lengthy complicated and politically controversial process through which East Bank Jordanians will once more enjoy the rare Arab privilege of an elected parliament to which the Prime Minister and Cabinet are accountable.

It also recreates an organisation which can claim direct Palestinian representation and could be used by King Hussein of Jordan in future Middle East peace moves. Mr Yassir Arafat, chairman of the PLO, is expected to visit Amman in the next few weeks to discuss strategy with King Hussein.

King Hussein, who is the linchpin of President Reagan's Middle East peace proposals, will address parliament on Thursday when it goes into regular session.

The Jordanian Government is likely to resign in the next few days to allow a new administration to oversee the preparations for elections.

The constitution provides for a 60-member parliament – 30 members from the East Bank and 30 from the West Bank. Sittings were suspended in 1974 after the Arab summit meeting in Rabat recognised the PLO as "the sole legitimate respresentative of the Palestinian people."

Yesterday's constitutional amendment allows elections to be held solely on the East Bank. It is expected that the eight vacant seats on the East Bank will be filled by elections within two months

Beirut peace plan in balance; Jordan's economic future, Page 3

France and Britain to swap expertise on fast breeders

BY DAVID MARSH IN PARIS AND DAVID FISHLOCK IN LONDON

FRANCE and Britain today will agree for the first time to the exchange of technology and industrial expertise on the commercial development of plutonium-fuelled fast breeder nuclear reactors, under a European accord being signed in Paris.

The agreement also links the West German, Italian and Belgian Governments and electricity industries. It commits participating countries to technical collaboration in building this advanced type of nuclear power plant, in which France has a world lead.

France expects to start producing electricity around the end of this year or the beginning of 1985 from its 1,200MW Super-Phenix power plant at Creys-Malville in the Rhône valley – the West's first commercially operating fast breeder.

At today's ceremony, the five nations will sign an inter-governmental memorandum of understanding which agrees to pool research, development and design, which totals about $420 a year. A sixth country, the Netherlands, is expected to sign later this year

Britain's participation has been negotiated on behalf of the Government by Prof Sir Peter Hirsch, chairman of the UK Atomic Energy Authority. Mr Peter Walker, Secretary for Energy, will sign the agreement on Britain's behalf.

The signing will pave the way for further agreements between agencies or companies from the six countries. Three should follow quickly, probably by the spring. They are between the research agencies, the main electrical utilities and the nuclear fuel companies.

A fourth agreement, between the design and construction companies building fast reactors, may take longer to negotiate.

Today's agreement, foreshadowed last autumn, ends years of wrangling between France and Britain over fast breeder technology.

Paris has tried in the past to bring Britain into the club of European countries which have co-operated on Super-Phenix – but at the price of a $75m "entrance ticket."

However, it has now dropped this insistence. Britain will be providing not cash, but specific expertise – for instance in the reprocessing of spent fuel from plutonium reactors – in return for its membership of the fast breeder club.

The softer French line partly reflects budgetary worries in Paris over the costly development of fast breeders. The Creys-Malville plant has cost FFr 16bn ($2.1bn) to build and will generate electricity at about double the cost of conventional nuclear plants using slightly enriched uranium.

Because of the fall in electricity consumption in the West and the drop in the uranium price, experts believe that France is about 10 to 20 years ahead of its time in fast breeder development.

The accord will not only provide British help in building a planned second multinational fast breeder sited in France. It will also mean that France can turn to Britain for the reprocessing of spent fast breeder fuel, rather than building expensive reprocessing facilities itself.

At Dounreay in the north of Scotland, the UK Atomic Energy Authority has a 250 MW prototype fast breeder reactor, with a dedicated reprocessing plant

WORLD DIAMOND SALES BOOSTED BY FESTIVE DEMAND

Sparkling Christmas in U.S.

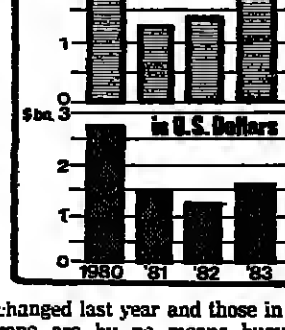
BY KENNETH MARSTON, MINING EDITOR, IN LONDON

WORLD DIAMOND sales have been boosted by strong demand for gems in the U.S. over Christmas. Tiffany's in New York reports that sales of solitaire diamonds of more than one carat (there are 142 carats to the ounce) have soared by more than 40 per cent over the Christmas 1982 level contributing to an overall increase in values of 10 per cent.

One leading gem dealer said that wholesale trade in gem diamonds had risen substantially while another reported that sales of "high ticket" items of diamond jewellery had shown big increases.

Some 33 per cent of world gem diamond sales take place in the U.S., of which 40 per cent occur at Christmas. But the U.S. recovery, in the wake of a booming Wall Street, does not tell the full story.

Diamond sales in Japan, the second largest market, were little changed last year and those in Europe are by no means buoyant, partly because of the effect on diamond prices of the strong U.S. dollar, in which gems are priced.



Worlds sales of the rough (uncut) diamonds handled by the South African De Beers Central Selling Organisation in 1983 recovered further to a value of $1.60bn (£1.15bn) from $1.26bn in 1982. But it was well down on the record $2.72bn in 1980.

Sales of very small and relatively cheap diamonds, cut and polished in India and costing about $300 a carat wholesale, remain very strong. But there has been an encouraging spread of demand into the better categories of polished gems weighing about 2 carats and costing $2,000 to $5,000 a carat wholesale. Retail marks-ups are about 100 per cent.

However, demand for the more costly diamonds remains sluggish and is almost non-existent as far as the top-priced so-called "investment" categories are concerned.

Mining, Page 21

Italy seeks to cut budget deficit

By James Buxton in Rome

ITALIAN ECONOMIC MINISTERS meet tonight to discuss new measures to reduce the 1984 budget deficit amid signs that the office of Sig Bettino Craxi, the Prime Minister, is seriously questioning whether drastic provisions are really necessary.

Sig Giovanni Goria, the Treasury Minister, has repeatedly warned that measures to cut the public-sector deficit by about L8,000bn ($4.7bn) are essential if the Government's original target of a deficit of about L90,000bn this year is to be attained.

That would still represent about 15 per cent of gross domestic product, two or three times the budget deficit of most industrial countries.

But over the weekend Sig Giuliano Amato, one of Sig Craxi's most senior advisers, indicated that the Government's financial situation was less serious than the Treasury believed.

The 1983 deficit, he said, had ended up below the latest forecasts of L90,000bn and the projected deficit for 1984 did not look like exceeding the L95,000bn fixed when the 1984 budget was approved by parliament.

Yesterday Sig Goria admitted that the 1983 deficit would be between L87,000bn and L88,000bn, but said that was partly because some expenditure had been held over to 1984.

The Treasury pointed out that the projection for 1984 assumed that revenue-raising measures yet to be approved by parliament were passed, and that other action was taken to reduce the deficit.

Stockbroker's double link

Continued from Page 1

Rowe & Pitman's talks with Akroyd have been taking place over a much longer period and are understood to have been in progress before Akroyd concluded its deal with Mercury Securities. Akroyd said yesterday that it was taking advantage of the stock exchange's recent plans to liberalise its rules on international dealing. "As the rule changes became more obvious, both parties felt that it was a sensible approach to form a joint venture company," Akroyd said yesterday.

The new joint international company will be formed with limited liability and will be called Rowe & Pitman, Akroyd & Smithers. Mr Tim Jones, a joint chairman of Akroyd, will be its chairman.

Mercury Securities has been informed of the developments.

Among the numerous deals in which Rowe & Pitman have acted as brokers for Charter Consolidated, the most controversial was a bid by Charterhouse for Anderson Strathclyde, the Scottish mining engineer, in an aggressive stock market operation.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Dubrovnik	R	11	52	Malaga	–	—	—	Salzburg	Sn	0	32
Akrotiri	S	17	63	Faro	S	13	55	Malta	F	11	52	Seoul	S	4	39
Algiers	C	14	57	Florence	R	6	43	Manila	R	31	88	Singapore	R	27	81
Amsterdam	F	5	41	Frankfurt	F	4	39	Miami	C	24	75	Stockholm	S	-4	25
Athens	S	15	59	Funchal	F	16	61	Milan	S	4	39	Strasbourg	C	4	39
Bahrain	S	23	73	Geneva	C	1	34	Moscow	Sn	-4	25	Sydney	S	27	81
Bangkok	S	27	81	Gibraltar	C	14	57	Munich	F	1	34	Taipei	S	16	61
Barcelona	S	9	48	Guernsey	S	6	43	Nairobi	S	25	77	Tangier	D	14	57
Beirut	R	16	61	Helsinki	S	1	34	Naples	R	10	50	Tehran	—	—	—
Belgrade	R	1	34	H. Kong	S	18	64	New Delhi	S	19	66	Tel Aviv	C	13	55
Berlin	Sn	1	34	Innsbruck	S	-1	30	New York	S	0	32	Tenerife	D	18	64
Biarritz	F	6	43	Inverness	C	5	41	Nice	F	9	48	Tokyo	R	10	50
Blackpool	F	-3	27	Istanbul	S	12	54	Oporto	S	10	50	Toronto	Sn	-2	28
Bordeaux	Fg	1	34	Jersey	F	5	41	Oslo	S	-8	18	Tunis	F	19	66
Brussels	F	4	39	Jo'burg	S	23	73	Paris	S	4	39	Valencia	S	12	54
Budapest	–	—	—	Las Palmas	R	18	64	Prague	C	1	34	Venice	F	5	41
B. Aires	F	29	84	Lima	S	25	77	Reykjavik	Sn	-2	28	Vienna	S	5	41
Cairo	S	19	66	Lisbon	S	10	50	Rio de J'o	S	34	93	Warsaw	C	2	36
Cape Town	S	26	79	Locarno	S	3	37	Rome	D	9	48	Zurich	Sn	1	34
Caracas	C	28	82	London	S	4	39								
Casablanca	C	17	63	Los Angeles	C	15	59								
Copenhagen	–	—	—	Luxembourg	Sn	1	34								
Corfu	C	13	55	Madrid	S	6	43								
Dublin	C	6	43	Majorca	C	9	48								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Paris cuts mining jobs

Continued from Page 1

dominated CFDT. The Prime Minister intends to sound out the unions as to how far the Government can count on their acquiescence and that of the rank and file in restructuring industries such as steel, coal and the shipyards, where many jobs will be lost.

The Government wants to avoid a repetition of the battle at Poissy, where the CFDT at first refused redundancies, and where the immigrant rank and file rejected terms accepted by the CGT leadership.

The Poissy conflict has demonstrated the risks of a breach between the left-wing unions and the Government over industrial restructuring. The plant yesterday was being cleaned up in preparation for a return to work on Wednesday.

M Mauroy will meet other unions next week before seeing the chief left-wing unions again in early February. According to M Krasucki, he proposed round-table talks with the unions on the issues of coal, steel and the shipyards.

Reflecting the increasingly tough stance of the CGT, M Krasucki said, after seeing the Prime Minister, that "the modernisation of industry must not be synonymous with unemployment."

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
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Philips and Bull in 'smart card' talks

By David Marsh in Paris

BULL, the French state-owned computer manufacturer, and Philips, the Dutch electronics group, are negotiating a collaboration agreement covering joint development of the electronic "smart card." This is a plastic card containing a microprocessor and with a built-in "memory," which has wide ranging applications in banking and payments.

No details have yet been finalised. But an accord expected soon between the two groups would lead initially to technological collaboration on producing cards for the French market, where the big banks and government agencies are promoting use of the card for cashless shopping and telephone calls.

According to one executive involved, it could later bring joint marketing efforts in selected foreign countries, particularly the potentially booming U.S. market.

Both Philips and Bull – which at present supply cards separately for experimental "cashless shopping" projects in France – have already made efforts to sell "smart cards" in the U.S.

Philips has a contract with the U.S. Navy to use the cards to verify personal identification for security purposes, and has contacts with a number of other U.S. Government departments.

Bull, which manufactures and markets the memory cards through its CP8 division, has just set up a marketing team, based in Dallas, Texas, to sell the cards in the U.S. Motorola, the U.S. electronics group, already collaborates with Bull in providing semiconductors for the memory cards.

The smart card was invented by a Frenchman in 1975, but has been slow to catch on, partly because of delays in fabricating and distributing the cards at a low enough price.

The French Government, realising that France risks losing its lead in this area from competitors in the U.S., is giving priority to establishing a soundly based industry capable of selling the products abroad.

Apart from Bull and Philips' French subsidiary, the other company at present providing cards for the French market is Flonic-Schlumberger.

The three companies are taking part in separate cashless retailing experiments in three provincial towns, Caen, Blois and Lyons. These projects enabla purchases to be made using the card as a self-emplying "electronic chequebook," used in conjunction with n shop computer terminal.

William Hall in New York examines the logic behind Texaco's acquisition of Getty Oil

Marshalling reserves to plug an oil drain

EVEN BEFORE Texaco, the third largest U.S. oil group, assured itself of a place in the corporate history books with its $9.9bn agreed bid for Getty Oil, there had been signs that this slumbering oil giant was becoming more agile on its feet than some of its rivals.

When Texaco snapped up Chevron's loss-making northern European refining and marketing operations last September, eyebrows were raised in some quarters. Why was Texaco so confident that it could make money when Chevron was pulling out because of its unacceptable losses.

At a time when many oil industry executives question whether they can ever make proper returns in the highly competitive European oil market, and the Middle Eastern producers seem the only ones happy to take on the loss-making European outlets, Texaco is prepared to swim against the conventional current.

However, the Chevron deal, costing under $300m, is small compared with the hillions of dollars Texaco is committing itself to pay for Getty Oil. If it does not stumble at the anti-trust hurdle, Texaco now appears set to acquire a company which had assets of $9.9bn, revenues of $12.3bn and net income of $691m at the end of its 1982 financial year.

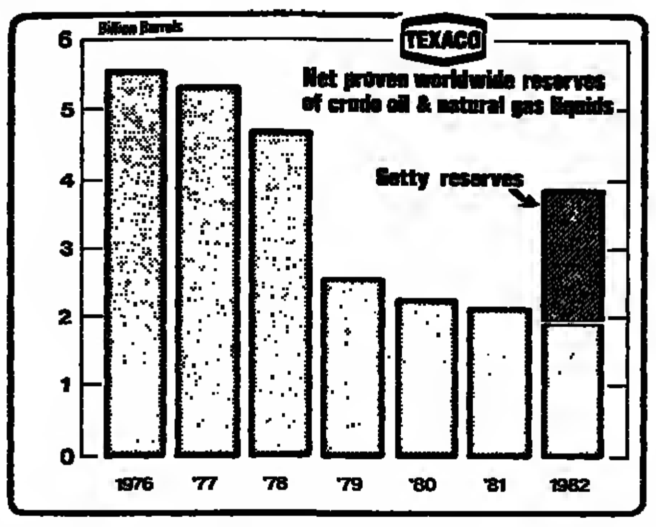
This compares with Texaco's own assets of $27.1bn, revenues of $48bn and net income of $1.28bn at end 1982.

The key to the deal is Texaco's ill-concealed anxiety about the rapid decline of its worldwide oil and gas reserves. If they continue to drop at their current rate, one of the mightiest of the Seven Sisters dominating the world oil industry would soon be out of business.

In common with the other nil majors, Texaco has been pumping more oil out of the ground than it has been replacing by discovering new reserves. The only difference is that Texaco's record is worse than most.

Since 1977, its proven world oil reserves have dropped by nearly two-thirds. Some of this reflects the ending of its special arrangements with Iran, but the biggest blow came in 1979 when the company found it did not have as much oil and gas underground in the U.S. as it thought.

Following a review by outside consultants, Texaco chopped its U.S. oil reserves by 25 per cent and its gas reserves by 16 per cent. Apparently, Texaco officials had never bothered to check how much was there, which was particularly embarrassing when it discovered that it no longer had enough to meet certain long-term natural gas supply contracts in Louisiana. This little blunder cost the company over $1bn.



Under Mr John McKinley, who took over as chairman and chief executive in November 1980, Texaco has been sharpening up its performance. Mr McKinley increased spending on U.S. exploration and production from $700m to $1.9bn in 1982 at a time when other multinational oil companies were cutting back their exploration spending.

Aside from sending its drilling teams into the high risk but potentially very profitable "frontier" areas such as Alaska, Texaco has also been spending hundreds of millions of dollars buying proven oil and gas reserves. In November it announced that it had bought substantially all of the U.S. exploration and producing interests of Canada's financially troubled Dome Petroleum.

Mr James Kinnear, Texaco's vice chairman, notes that as a result of Texaco's accelerated exploration and development programme, the company has reduced dramatically the rate of decline of its liquids production in the U.S. In the first ten months of 1983, the company's U.S. production was only down 2 per cent.

However, the company is still very reliant on overseas sources of supply. In 1982, over 80 per cent of the 1.9m barrels a day of Texaco's net production of crude oil and gas liquids came from non-U.S. sources, of which the single biggest is still Saudi Arabia, where Texaco is one of the biggest partners in Aramco.

The beauty of the Getty deal is that it will roughtly double Texaco's worldwide oil reserves and significantly strengthen its position in the U.S., where Getty has bigger oil reserves than Texaco. From being one of the poorest U.S. oil majors in terms of its reserve base, Texaco will transform its position with the Getty acquisition and help to answer one of the questions banging over the Chevron deal – where will Texaco find the oil to fill its European petrol pumps?

Texaco's acquisition of Getty will be envied by some of its major rivals, particularly Gulf and Mobil, which have been struggling with the same problem of how to discover enough oil to replace their fast-depleting oil reserves?

However, the Getty deal is just the latest in a string of moves transforming Texaco's industry reputation.

Less visible has been Texaco's action to streamline its extensive refining and marketing system, which had been constructed in times when oil was so cheap and plentiful that there was little concern about the profitobility of the refining operations.

Under McKinley, Texaco has cut its U.S. refineries from 12 to nine, and closed or sold another five refineries overseas. It has sold 17 ocean-going tankers, reduced its worldwide workforce by 18 per cent to 56,000 (saving over $300m per year) and drastically reduced the number of service stations, while increasing throughput.

The company has also invested $2.7bn in upgrading its remaining refineries to take cheaper and heavier crude oils.

It has taken a number of risks in its bid to transform itself from one of the industry's Cinderella companies with one of the poorest returns on capital employed, into an industry pacesetter.

Japanese marketing deal for Cadbury

By Lisa Wood in London

CADBURY SCHWEPPES yesterday announed that a range of its soft drinks is to be marketed in Japan under a franchise agreement with Asahi Breweries, part of the Sumitomo group.

Sir Adrian Cadbury, chairman of the British soft drinks and confectionary company, said it was hoped that within five years retail sales of products sold under the agreement would be worth more than £50m ($70m) at retoil prices.

Cadbury Schweppes attempted a similar deal to break into the Japanese market some years ago but the agreement was terminated four years ago. Sir Adrian said yesterday that this was because "it was clear we had not linked up with the right type of business, from their point of view and from ours."

The soft drinks market in Japan is forecast to have strong growth potential, with per capita consumption of soft drinks at 23 litres a year, under half of that in the UK.

Soft drinks account for some 30 per cent of Asahi's total sales which in 1981 were worth $870m, Mr Takaaki Kameoka, chairman of the brewery, said yesterday that his company was committed to making soft drinks constitute 50 per cent of total company sales.

Sir Adrian said the agreement had a much wider business significance because of the concero about the imbalance of trade between Japan and the EEC. Representations made to the Japanese Government suggested that it was trying to improve the situation.

Bottling nnd marketing of an as yet undisclosed range of Schweppes soft drinks will begin in Japan in spring. Essences and concentrates will be exported from the UK, but it is unlikely that new jobs will be created in Britain as the production process is highly mechanised.

Atari confident of recovery this year

BY LOUISE KEHOE IN LAS VEGAS

ATARI, the video game and home computer subsidiary of Warner Communications, will return to profitability in 1984, Mr James H. Morgan, the company's president, said in Las Vegas on Sunday.

"We expect to show a profit for the year, but because of the seasonality of our business, we will not be profitable for the first six months of 1984," he told industry analysts.

Mr Morgan declined to comment upon Atari's results for the recently ended fourth quarter of 1983, but indicated that the year-end results would "give Atari supporters plenty of evidence to conclude that the company had turned around."

During the first nine months of 1983 Atari sustained losses totalling over $500m, he acknowledged. "We are budgeting for Atari to make a loss in the first half of 1984," added an official of Warner Communications. This would not, however, be of the same magnitude as those seen in 1983, he added.

Mr Morgan denied speculation that Warner was considering the sale of Atari. "There has never been any discussion on terminating Atari, neither are we trying to sell the company," added a senior executive.

Mr Morgan said Warners' current stock ownership fight with Mr Rupert Murdoch had had an unsettling effect upon Atari, "which is the last thing that we need at this point. I find it very hard to believe that any change of management at Warner Communications could do anything but hurt Atari."

He was speaking at the Winter Consumers Electronic Show in Las Vegas, a traditional showcase for the industry. He made no apologies for the fact that Atari had nothing new to display at the show. "I made the decision before joining Atari in September that we would not introduce any new products here. Atari has got to establish itself as a reliable company by delivering products when promised," he explained.

Atari has earned a poor reputation among retailers for announcing products that are subsequently scrapped.

Braniff in $30m share offer

By Our New York Staff

BRANIFF, the Dallas-based airline whose fleet has been grounded since May 1982 when the company filed protection under Chapter 11 is planning to raise around $30m through a stock offering as part of its plans to start flying again by March.

Braniff Inc, a unit of Braniff International, said yesterday that it had filed with the Securities and Exchange Commission for an initial public offering of 2.2m shares of common stock. It is understood that the suggested price will be between $12 and $15 per share.

Braniff's efforts to get airborne began in earnest last September following the approval by a U.S. bankruptcy court of a $70m reorganisation plan under which the Pritzker family-owned Hyatt Corporation came to the airline's rescue. In return for injecting $2m of its own cash and securing loan commitments for another $50m, the family will end up effectively owning 80 per cent of Braniff. It has been known for some time that Braniff's finance team wanted to raise additional money through a stock offering to give the airline more financial room for manoeuvre.

All the common shares being offered will be sold by the company, and the underwriters have been granted an option to purchase an additional 300,000 shares to cover allotments.

Donaldson Lufkin and Jenrette, Rexel Burnham Lambert, and Rauscher Pierce Refsnes are managing the underwriting. The offer is scheduled to occur in late February.

Braniff is planning to begin flying a "hub-and-spoke" route system based on Dallas-First Worth airport on or about March 1 with non-stop flights to 18 U.S. cities. It will operate a fleet of 30 Boeing 727-200 jets.

The new Braniff operation is a high risk venture.

UK group wins Fiat contract

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUTOMOTIVE Products, the UK-based motor components supplier, has won a contract worth between £13m and £15m ($18.2m-$21m) a year to supply clutches and brakes to Fiat of Italy.

The breakthrough in the Italian market is an important development for the group's strategy to increase overseas revenue. Mr George Pears, chairman, said the target was to raise the proportion from the present 33 per cent to more than 50 per cent over the next five years.

AP will invest between £2m and £3m in equipping a new factory near Savona, which will go into production shortly. Volume will increase progressively over the next two years by which time 350 workers will be employed.

The components awarded to AP were previously manufactured in-house. Fiat workers made idle by the contract will be offered alternative employment at the new AP plant.

Fiat, in a drive to raise quality while cutting costs, has placed increasing amounts of work with outside suppliers. At the same time, the number of components suppliers has been cut from more than 2,000 to 1,500 in the pursuit of economies of scale.

Neither AP nor Fiat would comment on the details of the deal, but industry sources suggest that AP will be providing 25 per cent of Fiat's clutch requirements for cars and around 80 per cent of drum brakes.

Unilever buys Shedd from Beatrice Foods

BY WALTER ELLIS IN AMSTERDAM

UNILEVER, the Anglo-Dutch foods and detergents group, is to acquire the Shedd Margarine Company from Beatrice Foods, the U.S. foods and soft drinks group.

Shedd expects sales for its current financial year to top $200m. The purchase price has not been disclosed, but the deal leaves Beatrice Foods with an extraordinary after-tax gain of $45m.

Margarines remain one of Unilever's most successful products worldwide. The group's interests in the U.S. now make up 14 per cent of its total assets, and in the last five years the contribution to group profits made by American subsidiaries has increased from 8 per cent to 14 per cent.

Beatrice, whose sales last year totalled $9.2bn, has seen net profits decline in each of the past seven years, notably in 1982–83 when heavy non-recurring charges severely penalised earnings.

It has recently made strenuous efforts to divest under-performing businesses and increase its focus on marketing. Last month it sold two businesses with annual sales of around $500m.

Beatrice is one of the biggest U.S. processors of dairy products for sale under brand and private labels.

Final quarter jump for Teledyne

By Our Financial Staff

TELEDYNE, the U.S. conglomerate with interests in industrial products, metals, aviation engines and insurance, lifted fourth quarter net earnings from $11.8m, or 57 cents a share, to $89m, or $4.37, while profits for the year rose from $269.6m or $13.05 a share to $304.6m or $14.87.

Both periods, however, included equity accounting for certain investments. This raised net income by $8m in the quarter, against $7.6m in the 1982 period, and $39.7m for the year against $58.1m in 1982.

GM hopes to salvage Terex plants

By Our Scottish Correspondent

GENERAL MOTORS of the U.S. said yesterday it was looking into ways of restructuring its former Terex earth moving equipment subsidiaries in the U.S., Britain and Brazil.

The corporation retained a shareholding in Terex when it was sold to IBH, the West German heavy construction equipment group which in November ran into financial difficulties and applied for court protection from its creditors.

On Friday the receivers, Thomson McLintock, who were called in to take over the affairs of Terex in Scotland, issued a statement saying discussions were underway with an interested party aimed at setting up a new company.

Yesterday's statement confirmed recent speculation that General Motors would try to salvage the three Terex plants despite the depressed condition of the market.

General Motors said it was exploring available options and meeting interested parties to "evaluate prospects and the feasibility of restructuring the various Terex entities as viable competitors in the earthmoving equipment business."

Record rights for Burgan Bank

BY KATHLEEN EVANS IN KUWAIT

KUWAIT'S BURGAN BANK is to increase its shareholders' funds by KD 98m (U.S.$334m) over the next year in the country's largest ever rights issue. The move, which has aroused considerable controversy, will propel Burgan Bank from the bottom of the list to become the country's second largest bank.

The rights issue is to be paid in instalments over the next nine months and will mean that the bank's published reserves and shareholders' equity will rise from the year end total of KD 54m (U.S.$184m) to KD 152m.

Shares will be sold at KD 4—that is with a premium of KD 3. Under Kuwaiti law, the premium revenue is to be added to the bank's published reserves, with the rest going to capital. By the third quarter, the bank's capital will have risen therefore to around KD 52m and reserves will reach nearly KD 100m.

Burgan Bank has also declared a dividend in the form of a 15 per cent scrip issue.

The move has taken Kuwait banking circles by surprise. Many are speculating that the rights issue was primarily directed at increasing the bank's reserves to cushion it from the loan losses that it, along with all other Kuwaiti banks, expect to see this year as the full impact of the bankruptcies from the Souk al Menakh unofficial stock exchange collapse become apparent.

Burgan is Kuwait's youngest bank, formed only in 1977. It has not had the opportunity to build up its inner reserves as the more established members of the community have. Furthermore, the bank came into a market already marked by declining rates of growth. Deposits have been stagnant for some time now in Kuwait, but Burgan Bank was alone in showing an actual decline in deposits in 1982. Current market share of the bank is around 7 per cent.

Senior executives of Burgan Bank deny that the rights issue is being initiated to protect the bank from expected loan losses. Such suggestions smack of "sour grapes," said one executive, for the bank was less exposed than others to the effects of the Manakh debacle.

The executive added that a major increase in size was appropriate given the 60 per cent government shareholding, and the fact that a member of the Kuwaiti ruling family, Sheikh Ali Jarrar Al Sabah, was now the bank's chairman. The increase in the bank's equity would also enable the bank to increase its ceiling on lending. Under Kuwaiti law, unsecured lending is limited to 10 per cent of shareholders' equity.

Certainly, the government has made clear its approval of the move. The Kuwait Foreign Trading, Contracting and Investment Company (KFTCIC) is assisting small shareholders with less than 5,000 shares to finance their stakes in the right issue. KFTCIC is now virtually a totally government owned institution, with over 90 per cent of its shares now in the hands of the state.

● The dividends for 1983 of the other five Kuwaiti commercial banks have generated less comment, but also barely a ripple of enthusiasm in the market. A number of them have gone for cash payments rather than scrip issues as has been the practice in the past.

National Bank of Kuwait is paying KD 8.3m, plus a 20 per cent scrip issue, Gulf Bank is paying KD 4.9m plus a 20 per cent scrip issue, Commercial Bank is paying KD 6.6m but not making any scrip issue, the Ahli Bank is also omitting any scrip issue and paying KD 4.5m, The Bank of Kuwait and the Middle East is to pay KD 2.1m and make a 15 per cent scrip issue. Burgan Bank is not paying a cash dividend but is making the 15 per cent scrip issue reported above.

Such changes in emphasis will undoubtedly be supported by the government, which sees the need to put cash into people's pockets after the two year gloom since the Manakh problem broke.

However, another factor is that in the past when scrip issues were made, prices of bank shares usually quickly recovered on the official Kuwaiti stock market. This year the official market looks like a convalescent ward in the words of one stockbroker, and there is no guarantee that the equity of existing shareholders would not be diluted by scrip issues.

Moreover, as one banker pointed out, scrip issues increase expectations of higher earnings—and the Kuwaiti banks cannot be sure of that this year with the Manakh storm cloud about to burst.

UAE banks seek loan rule delay

By Our Dubai Correspondent

LOCAL commercial banks in the United Arab Emirates (UAE) are seeking an extension to the end-1983 deadline set by the country's Central Bank for compliance with rules limiting the size of loans to directors. The request has been made by Mr Khalifa Naboodah, a member of the board of the UAE Association of National Banks.

Under the new rules, all UAE banks were given until December 31 to ensure that their lending to directors was no more than 5 per cent of net worth to any individual, or 25 per cent to the board as a whole.

So far the Union Bank of the Middle East has had to seek government support to be able to cover outstanding loans and the Bank of Oman has sought an extension.

Mr Adel Kablawi, deputy general manager of the Bank of Oman, said that other less onerous means could have been chosen by the Central Bank to achieve its objectives. He pointed out that much of the lending to directors is in the form of long-term investments which, if they were sold off, could lead to a collapse in public confidence. He called on the Central Bank to monitor each bank with lending in excess of the new limits.

One banker said that the local banks would need between 10 and 20 years to meet the new requirements.

$140m development for AMD

BY WONG SULONG IN KUALA LUMPUR

Arab-Malaysian Development (formerly Taiping Textiles), the rapidly growing property, finance and textile group, yesterday announced two major deals—the construction of a 320m ringgit (US$140m) commercial property and paying 17m ringgit to acquire control of an insurance company.

Dato Azman Hashim, chairman of the Arab-Malaysian group, said that under an agreement with the Kuala Lumpur city authorities, AMD will, at its own cost, develop four acres belonging to the city into a transportation terminal, of 235,000 sq ft and a shopping and office tower block of over 1.4m sq ft.

The city authorities will own the transportation terminal, and will take 10 per cent of the net profits from the sale or rental of the shopping and office property.

Datuk Azman said the big attraction for AMD is that it owns five acres adjacent to the land, and the deal allows it to develop the area in a more comprehensive manner.

The whole nine acres would probably take 10 years to develop, depending on the economic climate, and when completed, the area, known as Komplex Damani, would have commercial and office space close to 3m sq ft.

AMD has also entered into an agreement to buy 3.2m shares, representing 80 per cent, of Teguh Insurance for a cash consideration of nearly 17m ringgit.

Teguh Insurance has eight branches, total assets of 30m ringgit, and an annual gross premium income of 27m ringgit.

Datuk Azman admitted AMD paid "premium prices" for the insurance company, but added that the purchase fits well into the company's plan to expand into the financial sector.

Cascade recommends bid by Adelaide companies

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DIRECTORS of Tasmania's Cascade Brewery have recommended acceptance of a $A43.6m (US$39.2m) joint takeover offer from two Adelaide companies, B. Seppelt and C-C Bottlers, even though it is worth nine cents a share less than a rival offer from Industrial Equity (IEL), the Sydney based investment group.

The co-bidders have offered A$5.25 per Cascade share (effectively A$5.33 with the inclusion of Cascade's interim dividend) against A$5.34 (effectively A$5.42) from IEL.

Cascade's directors claimed the co-bidders' offer was the "best available" and said they would be selling their own shares, accounting for 1.4 per cent of Cascade's 8.3m issued shares, to the co-bidders.

Mr Russell Goward, IEL's deputy general manager, said he was "staggered" by Cascade's recommendation, and said IEL was confident of gaining control.

IEL now has 24.1 per cent of Cascade's shares, against an estimated 27.2 per cent for the co-bidders' — virtually all of which was acquired in a controversial deal with the Melbourne based Carlton and United Breweries.

Fujitsu in deal with Texas Instruments

By Our Financial Staff

FUJITSU, one of the leading Japanese computer, telecommunication and information technology equipment manufacturing companies, yesterday announced the signing of a six year production agreement for gate arrays—a semi-custom made logic circuit, with Texas Instruments — the world's largest semi-conductor manufacturer.

The agreement is one of the rare examples of a U.S. company in the very competitive high technology field manufacturing electronic components under licence from a Japanese company.

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C&L

The Fabrication business of the John A. Keen Engineering Division of Edward Williams Engineering Limited, in receivership, is offered for sale.

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DATA PREPARATION SERVICES

The Receiver offers for sale the business and assets of Mentor Franklin Limited which prepares data in a format suitable for computer input on a service basis.

For further details please contact by Thursday, 12th January, 1984, at the latest:—

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London WC2R 2NT
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For further details please contact by Thursday, 12th January, 1984, at the latest:—

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VENTURE CAPITAL invited to invest in Leisure business with standard tax concessions. Reply to Box F.4352, Financial Times, 10 Cannon Street, London EC4P 4BY.

UK COMPANY NEWS

Summer weather lifts A.G. Barr to £3.59m

SECOND HALF pre-tax profits of soft drink manufacturer A. G. Barr climbed from £1.89m to £2.91m and lifted the figure for the full year ended October 29 1983 to £3.59m, compared with £2.8m.

At halfway, with profits behind at £686,000 (£911,000), the directors said they still awaited the first sustained spell of good weather to lift demand.

The turnover of this Glasgow-based company — products include Tizer—for the 12 months increased from £31.91m to £34.79m and a final distribution of 5p net takes the total dividend to 6.75p, against last year's 5.865p. Earnings are given as 34.51p (31.36p) per 25p share.

An improvement in English sales of Irn-Bru, tho group's leading Scottish brand, generated by special marketing activity financed by canning rights payments from Vimto, has encouraged Barr to sustain the support this year, the directors state.

HIGHLIGHTS

Lex looks at tho surprise announcement of yesterday where Charter Consolidated intends to tako a 29.9 per cent stake in stockbrokers Rowe and Pitman and the 50:50 joint venture between the broker and jobbers Akroyd and Smithers on international trading. The column then goes on to comment on the agreed proposals whoreby Texaco will pay $9.9bn for Getty Oil, *proposals which seem to have been formuleted at break-neck* speed. Finally the column looks at how the gilt-edged market managed to shy off the lowest ever level for sterling against the dollar and cnnsider the likely impact of tomorrow's money supply figures.

The financial year so far, they explain, is reasonably ahead of tho corresponding period in 1982-83, but without a repeat of tho 1983 summor weathor sales are likely to reflect continuing economic uncertainties making expansion of turnover with maintenance of satisfactory margins difficult to achieve.

The directors point out that if adjustment is made to take accouot of turnover arising from the Globe soft drinks acquisition last January, the truo percentage increase is 6.5 per cent. This improvement on the equivalent 3.5 per cent increase obtained during the first *half* of the year "largely stemmed from tho exceptional summer weather during July and August."

Although there was an increase lo demand for all packs during the exceptional summer period the underlying treod, particularly in England was towards PET non-returnable containers.

A significant investment duriog the current year will bo the installation of equipment at Athorton, Manchester, to enable the group to mako its own PET bottles and contain costs of "an increasingly important packaging element."

Budgeted expenditure on production and office equipment, vehicles and property stands at some £3m to October 1984.

Trading profits for tho year advanced from £2.59m to £3.45m and the pre-tax figure was after lower interest charges of £144,000, compared with £205,000.

Tax charge was well up from £818,000 to £1.41m, but there was an extraordinary credit of £183,000 (nil).

● comment

Soft drinks are still a fairly horrible business to be in in the UK, but A. G. Barr is a survivor. Irn Bru is making headway in Englaod, though probably not for the same reasons as North of the border, where it is commonly used to combat tho effects of Scotlaod's better-known oational drink the morning after. The main reason for the improved figures, though, is the summer heat-wavo: like all soft drink manufacturers, Barr stands to gain enormously from a touch of the suo. The Globe acquisition will have been similarly improved, but is probably not making any significant net contribution as yet. Meanwhile, tho move into *PET* manufacture is an innovation—uncharactoristic for a company as natively cautious as Barr, but characteristically to be financed from casb. The dividond, similarly, is very handsomely covered, but then it always is. With the shares up 12p to 225p, the multiple is 6.5, the yield 4.3 per cent.

Orion Royal climbs 53% to year-end £15m

Orion Royal, the London merchant banking subsidiary of Royal Bank of Canada, reports pre-tax profits of £15.4m for the year ending September 30 1983, an increase of 53 per cent on the *previous* year's £10.2m. After tax profits wore £13.7m, up from £7.1m. Total assets remained unchanged at £2bn.

The bank's volume of syndicated lending was down, but it increased both the number and dollar amount of public issues in the international capital markets. Profits from mergers and acquisitions business and treasury operations were also up.

Mr John Abell, chairman, says Orion Royal will be building up its investment management business, specially on the equities side,

Fleming Claverhouse

Pre-tax revenue at the Fleming Claverhouse Investment Trust improved from £999,045 to £1.09m in 1983. The final dividend is raised from 4.7p net to 5.25p for a total up from 6.95p tn 7.5p. Net asset value per 50p ordinary share was up from 200.06p to 256.32p, and oarnings per share rose from 6.97p to 7.59p.

Gross revenue for the year rose from £1.07m to £1.17m. Tax was higher at £335,336 compared with £302,177.

Valin Pollen set to join USM

THE SLENDER ranks of stock market quoted public relations/ advertising agencies will be increased by one towards the end of this month when **Valin Pollen International** joins the Unlisted Securities Market.

The company, which specialises in financial and corporate work, was established in 1979 by Mr Reg Valin and Mr Richard Pollen who had previously been chief executive and deputy managing director with Charles Barker City.

Since then, billings have grown from under £1m in the year onded September 30, 1980 to over £8m in three years.

The breakdown of business shows 50 per cent of its income comes from advertising, 25 per cent from public relations and fee-earning activities and 25 per cent from design and print work.

Within the latest published results nearly 30 per cent of its billings figure comos from overseas-based clieots such as Alfa-Laval, Swedish Match, Gulf International Bank, Amro and Gould Inc.

At home, Valin Pollen's client base includes Standard and Chartered Bank, London Life, Mercury Fund Managers, Staveley Industries and the newly-acquired County Bank.

In the year to last September, profits before tax were £275,000. At present the company and its advisors are putting together a forecast for the current year and, while this is not concluded, a growth rate in the region of 50 per cent seems possible.

The sector as a whole is experencing a substantial upturo and Valin Pollen will benefit from the £2m-plus advertising campaign by Standard and Chartered, which really only got under way this year, and the recent addition of County Bank.

The issue is likely to put between 10 and 20 per cent of the company on to the market. There will be some new money to fund expansion in the UK and overseas, while the rest will come from the existing executives' holdings, with most coming from Mr Valin and Mr Pollen.

Sandhurst aims to raise £4m

Sandhurst Marketing is raising £2m through the issue of new partly convertible cumulative redeemable preference shares to ICFC and Equity Capital for Industry. It is raising a further £2m through a long-term facility from 3i.

The financial package will reduce *gearing* and meet the costs of three recent acquisitions and the development of new headquarters. The beadquarters are at Horsham, West Sussex and are due for completion in September 1984 at a cost of £2.4m.

The acquisitions are expected to contribute £1m to turnover in a full year, and consist of a mail order company specialising in office equipment, General Trade Equipment, purchased for £243,402; Channel Business Systems, a computer software house purchased for £27,000; and Dynaglaze which makes car care products acquired for £119,074.

Dynaglaze is part of Sandhurst's car care prodncts subsidiary Spectra. Sandhurst had planned to reduce borrowing by placing shares in Spectra on the USM. But due to the timing of the Dynaglaze ecquisition, the placing has been postpooed and the £4m financial package arranged instead.

Pre-tax profits for the year to January 31 are expected to exceed £1m and the board intends to recommend a final dividend of 0.555p per share.

The preference shares will not be listed. On full cooversion 3i and ECI will each hold between 4.9 and 5.1 per cent of the enlarged issued ordinary share capital of Sandburst depending on the conversion price.

Wellcome ahead at £61m after 12 months

By Carla Rapoport

The Wellcome Foundation, ooe of Britain's largest pharmacentical companies, yesterday reported an advance of 11 per cent in pre-tax profits from £55.1m to £61.2m for the year to August, 1983.

Sales for the group wont up by 14 per cant to £647m. Exports from the UK set a record at £127.6m. Wellcome, which is owned by the Wellcome Trust, a registered charity, also reported that spending on research and development jumped to £80.9m in 1983, compared with £66.3m the previous year.

Capital expenditure dropped from £41.4m to £38.5m in the year. The amount distributed to the Wellcome Trust was £14m, against £13m in 1982.

Mr A. J. Shepperd, chairman and chief executive, says Wellcome's new anliviral drug, Zovirax, is doing well in the U.S. and UK. He adds that initial reception of Zovirax products indicates that the drug has an important role to play in the treatment of herpes infections.

Mr Shepperd also warns that new goverument restrictions on the UK pharmaceutical industry's profitability could result in a "serious debilitation of the industry and remove it from its inventive position in the world."

London Scottish moves up to £1.52m

HIGHER profits before tax of £1.52m have been produced by London Scottish Finance Corporation for the year to October 25 1983, a 22 per cent increase compared with £1.35m for the previous 65 week period.

Turnover of this Manchestor-based group which is engaged in banking, consumer credit, debt collection, television rental and othor financial services, was down from £11.28m to £11.06m.

The net final dividend has been effectively lifted from 1.53p to 1.75p, making a higher total of 3.5p against the equivalent of 2.13p, after adjusting for a one-for-two scrip.

Undiluted earnings per 10p share moved up from 5.4p to 5.8p.

Tax came to £464,000 (£387,000) and dividends will absorh £458,000 (£383,000).

On a current cost basis pre-tax profits increased from £923,000 to £1.2m, and earnings per share camo to 4p (3p)..

● comment

London Scottish Finance Corporation showed e *40.5* per cent increase in pre-tax profits on turnover up 22 per cent in the year to October compared with the annualised results for '82. Lower interest rates brought down finance costs substantially. Levels of cash advances to existing borrowers have been contained by the recession, so LSFC's main growth has been through geographic expansion, especially in Scotland where eight branches have been added. Personnel costs account for around 80 per cent of ovorheads with some 1,100 door-to-door collectors. LSFC keeps costs defrayed by the acquisition of daht portfolios from a major *mail* order *firm, clearing* banks and credit organisations. Insurance commission is a growing source of revenue. Borrowings at the year-end were nearly £9m, giving a modest ratio of 1.6 to 1. So the company has further scope for acquisitions in the current year. Profits were on target at £1.5m and the total dividend of 2.5p net was forecast at the interim. The shares unchanged at 50p yield 7.4 per cent.

Norema rights

Norema, a Norwegian mannfacturer of furniture and office fittings is placing privately 47,000 shares at e price of NKr 215 in London today through brokers Savory Milln. A further 47,000 shares are being placed in Norway.

The group, which operates on *a European basis, plans to invest* around NKr 30-40m annually. It will use the money raised from the rights issue to finance this expansion and reduce gearing. The enlarged share capital of NKr 54m will increase the equity ratio from 21.3 per cent to 29 per cent.

Pre-tax profits of £2.1m are estimated for 1983, up from £17.5m in 1982, and the group is budgeting for £30m in 1984.

Brown & Tawse down midway

THE SHARP fall in tube prices a year ago has hit the profit of Brown & Tawse, and for tho six months ended September 30 1983 it has fallen from £1.87m to £1.54m. In stockholding and processing the return was £1.36m, against £1.65m, and in plant sales, boiler repairs and ironmongery it came to £178,000, compared with £220,000.

Mr Douglas Rae, the chairman, says the demand for steel and tube products showed a "small increase" but the price fall led to lower profit margins on tubular products. In hydraulic plant and equipment, trading conditions remain highly competitive.

To reduce the disparity with the final, the current interim dividend is being lifted from 0.7p to 1.2p net. In the year ended March 31 1983 a total of 3.85p was paid wben profits reached £3.55m. The second balf was affected by the price fall.

Turnover for the half year was almost maintained at £29.64m, against £30.46m, with stockholding accounting for £26.02m (£26.81m) and plant sales £3.62m (£3.65m). The operating profit was down by £325,000 to £1.47m.

After tax £380,000 (£700,000) and preference dividend, there is £1.16m (£1.17m) available for the ordinary, of which the interim payment absorbs £250,000 (£145,000). The comparative tax charge has been reduced by £250,000 following a decision not to make provision for deferred tax any more.

● comment

Brown & Tawse started to suffer in the final quarter of last year, with the 25 per cent reduction in the price of steal tubing, and the pain continues. The company's best hope is that with EEC agreement now concluded, a price rise may come through in April. On the bright side, though, the second half so far bas seen a small volume improvement in all the company's products, and outside the steel stockholding area there has also been soma improvement in margins. The search for acquisitions continues, either in steel and tube stockholding or in pipeline *equipment. The second half outlook* is less gloomy than the first, but it is unlikely that last year's full year outcome will be matched. On a running 12-month basis, the p/e is 10 at 88p, and the yield, at 7.1 per cent, is a touch above the sector average.

BOARD MEETINGS

TODAY

Interims: Hales Properties, Hogg Robinson, Munton Brothers, Owen and Robinson.

Final: Investors Capital Trust.

FUTURE DATES

Interims:	
AGB Research	Jan 16
Associated Dairies	†Jan 11
Cantors	Jan 31
Centrovincial Estates	Jan 17
Datastream	Feb 16
Estates Property Inv Trust	Jan 26
Group Investors	Jan 17
Priest (Benjamin)	Jan 20
Property Security Inv Trust	Jan 19
Ratners (Jewelers)	Jan 12
Finals:	
Countryside Properties	Jan 17
Heavitree Brewery	Jan 12
IMI	Mar 13
Warner Holidays	Jan 13
Webber Electro Components	Jan 13

† Amended

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Asprey ......int.	6‡	Jan. 27	6	—	16
A. G. Barr	5	Apr. 7	4.12	6.75	5.87
Brown & Tawse ......int.	1.2¶	Apr. 6	0.7	—	3.85
Carclo Eng. ......int.	2.6	Feb. 25	1.3	—	4.55
Fleming Claverhouse ...	5.25	Mar. 6	4.7	7.5	6.95
Lon. Scottish	1.75	Mar. 22	1.53*	2.5	2.13*
Richards	0.45	Mar. 5	0.3	0.75	0.6
H. Samuel ......int.	1.5	Jan. 31	1.5	—	6.25
F. H. Tomkins ......int.	0.64	Apr. 2	0.58	—	1.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ To reduce disparity with final. || For 65 weeks. § Unquoted companies.

UK COMPANY NEWS

UK side boosts Carclo 8% and outlook 'encouraging'

A BETTER performance in the UK enabled the Carclo Engineering Group to return improved results for the six months ended September 30 1983.

On a 9 per cent rise in turnover to £15.6m profits at the pre-tax level rose by 8 per cent, from a restated £1.01m to £1.09m, and in their interim report the directors say the outlook for the remainder of the year is "encouraging."

They say that the group's order intake during the third quarter was at a record level and that most of its customers are enjoying improved trading conditions.

Shareholders benefit by having their interim dividend restored to 2.6p (1.3p) net per 25p share, the rate paid during 1979-80.

The directors say they intend to pay a final of at least last year's level of 3.25p.

The group's interests in Europe and India returned lower figures for the opening half, but these were more than compensated for by a better performance by the UK side.

Tax for the period took £482,000 (£486,000) and minorities £54,000 (£67,000).

Profits attributable to ordinary shareholders emerged at £431,000, compared with £184,000, after extraordinary debits last time of £170,000 and same-again preference dividend payments of £126,000.

Ordinary dividend payments absorb £104,000 (£52,000) to leave the retained surplus at £327,000 (£132,000).

Earnings came through at 10.3p (8.9p) per share on an actual basis and at 9.3p (8.2p) fully diluted.

Pre-tax profits for the first half of the 1982/83 year were originally given as £843,000 after deducting a £170,000 provision for further rationalisation costs.

This provision was subsequently charged as an extraordinary item in the full year accounts and the half year results were restated to reflect this—full year pre-tax profits amounted to £2.06m.

At September 30 1983 ordinary shareholders' funds per share totalled 152p (139p).

Optimism as Asprey passes £3m at midway

AN INCREASE of £210,000 to £3.02m in pre-tax profits is reported by Asprey & Company, goldsmith, silversmith, jeweller, antique dealer and interior decorator, for the six months to September 30 1983.

The interim dividend of this "close" company is unchanged at 6p—last year a final of 10p was paid from pre-tax profits of £5.44m.

The directors say current trading gives cause for optimism, and the company expects the full year's results to show an acceptable improvement over last year.

Turnover for the opening half improved from £13.71m to £15.77m. Tax rose from £1.19m to £1.36m. Earnings per 25p share—shares are traded on the Unlisted Securities Market—were up from 25.63p, before extraordinary credits of £61,000 last time, to 26.33p.

CU new business worldwide up 14%

Commercial Union Assurance Company reports new annual premiums on its worldwide life and pensions business in 1983 of £56.3m compared with £49.6m in 1982. The underlying growth rate excluding exchange rate movements was 14 per cent.

Single premiums amounted to £87.3m, against £60m, with an underlying growth rate of 43 per cent. The whole of the single premium growth came from the Dutch subsidiary Delta Lloyd.

In the UK new annual premiums on individual life business increased by 45 per cent from £13.4m to £19.4m, with mortgage endowment premiums jumping three and a half times from £1.5m to £4.5m, thanks to the new tax system MIRAS.

New annual premiums on savings and individual pension plans rose strongly to £7.5m, but premiums on term assurances, where CU is a market leader, fell from £6.2m to £5.2m.

New annual premiums on UK group pensions business fell nearly 20 per cent from £10.2m to £8.4m.

UK single premium business was virtually unchanged at £9.6m against £9.5m.

Provident Life Association of London, a member of the Winterthur Swiss Insurance Group, reported a 60 per cent rise in new annual premiums to £5.63m, and a 250 per cent rise in single premiums to £3.85m.

New annual premiums on life assurance contracts rose by two-thirds to £4.15m, the increase coming mainly from MIRAS contracts. New annual premiums on unit-linked assurances more than doubled to £434,000, while annual premiums on pension business rose 30 per cent to £1.04m.

New annual premiums up by half from £5.4m to £8.3m in 1983 is reported by the Gresham Group, a member of the Dutch insurance conglomerate NV AMEV. Single premiums more than doubled from £6.3m to £14.9m, almost all of this growth coming from buoyant unit-linked bond sales.

Unit linked annual premiums rose more than threefold to £1.6m. Conventional ordinary life new annual premiums were nearly 50 per cent higher at £5.7m, even though the group was not heavily involved in MIRAS conversion business.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel	§ 9 %
Henry Ansbacher	9 %	C. Hoare & Co.	† 9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½ %	Knowsley & Co. Ltd.	9½ %
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½ %
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½ %	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	9 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½ %	Volkskas Intnl. Ltd.	9 %
Citibank Savings	¶10½ %	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½ %
C. E. Coates	9½ %	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9 %	Yorkshire Bank	9 %
Co-operative Bank	* 9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½ %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½ %		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months: £2,500 6%; £25,000 12 months 6.5%.

† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.

‡ Call deposits £1,000 and over 5½%.

‖ 21-day deposits over £1,000 6½%.

§ Demand deposits 5½%.

¶ Mortgage base rate.

Worthington loss reduced at halftime

Despite finishing the whole of last year £283,844 in the red, against £96,119, A. J. Worthington (Holdings), textile manufacturer, turned in a lower deficit for the six months ended September 30 1983.

At the pre-tax level this amounted to £123,000, compared with £139,000 previously, and was after interest charges down from £39,000 to £33,000.

Turnover was lower at £1.07m, against £1.3m, and loss per 10p share was 6.14p (6.98p). There was again no tax charge and no extraordinary items (£64,500 credits).

McCarthy & Stone

McCarthy and Stone has received acceptances in respect of 4,110,275 (96.65 per cent) new shares offered by way of a one-for-four rights issue.

The remaining 56,375 shares have been sold in the market at an average net price, after deduction of the subscription price and expenses, of 69.5p each.

F. H. Tomkins expands to £0.56m at interim stage

APART FROM the French subsidiary Stockinox, all sectors of F. H. Tomkins continue to perform well, lifting pre-tax profits for the six months ended October 31 1983 from £461,000 to £558,000.

Turnover of this buckles, stainless steel bolts maker and industrial fastener distributor expanded to £10.05m (£8.43m) and the interim dividend is increased to 0.635p (0.575p) net.

Profits for the whole of last year, which included Stockinox from its acquisition date, May 4 1982, amounted to £1.59m. The directors then said they were confident that existing trading companies were performing at least as well as competitors, and they expected to utilise their increased capacity.

They added that they were confident that their development plan would provide a very substantial increase in the level at which they operated.

Tax charge for the six months was much higher at £168,000, compared with £100,000, minorities took £3,000 (same), and earnings per 5p share were 1.499p (1.387p).

The directors also announce that Tomkins has entered into a conditional agreement for the acquisition, as from January 1 last, of Ferraris Piston Service for £2.3m cash.

This may be varied, they state, by reference to the net asset value of Ferraris as shown by its accounts for 1983, and the pre-tax profits for the next two years which the vendor has undertaken to be not less than £500,000 in each year. The consideration is payable as to £1.8m on completion and £500,000 in June 1987.

Mr Desmond Porter has brought forward his retirement, from September, and has resigned as chairman and a director of Tomkins. He has been succeeded by Mr Michael Moore while Mr Gregory Hutchings has been appointed chief executive.

LPA Industries

LPA Industries which designs, manufactures and markets industrial electrical accessories, is to seek a quotation on the Unlisted Securities Market towards the end of February.

The directors want to improve the marketability of LPA's shares presently listed under Rule 163(2) and increase its standing with suppliers and customers.

Pre-tax profits in 1983 increased by 46 per cent to £725,000 on turnover up 14 per cent to £4.62m. The board recommends a final dividend of 1.75p per share making 3.15p for the year and proposes a one-for-two scrip issue to broaden the capital base.

Brokers to the issue are Greene and Co.

Arlen Electrical

Of the £774,702 of 11¾ per cent convertible unsecured loan stock offered by Arlen Electrical by way of a rights issue £710,520 (91.7 per cent) was taken up.

Improved second half puts Richards back in profit

IN THE second half, Richards (of Aberdeen) has made a profit of £140,000. This wipes out the loss incurred at midway and leaves the group with a surplus of £36,000 for the year ended September 30, 1983, compared with a deficit of £327,000 for the previous 12 months.

Mr A. R. Robertson, chairman of this spinner of high technology yarns, says the considerable progress made over the past year has continued in the first quarter of the current term, and he anticipates "a steady improvement" during 1984.

The final dividend is lifted from 0.3p to 0.45p to give shareholders a net total of 0.75p. This goes against 0.6p paid last time and 1.45p for each of three preceding years.

Turnover in 1982-83 came to £9.64m, compared with £8.27m. There is a tax credit of £107,000 (£384,000) which gives a net profit of £143,000, against £57,000. Earnings are shown at 1.17p (0.45p).

There is an extraordinary debit of £139,000 (£115,000) which represents the cost of removing plant and equipment from the Garthdee works, and installing and commissioning it at Broadford works.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA

U.S. $100,000,000

Floating Rate Debentures due 1987

Convertible at the holders' option into

9½% Fixed Rate Debentures due 1995

Guaranteed by the Republic of Italy

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest period from 6th January, 1984 to 6th July, 1984 the Debentures will carry an Interest Rate of 10⅝ per cent per annum and that the interest payable on the relevant Interest Payment Date, 6th July, 1984 against Coupon No.8 will be U.S. $537.15.

The Bank of Tokyo, Ltd. London
Agent Bank

Gold Fields Group

DECEMBER QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa

DRIEFONTEIN CONSOLIDATED LIMITED

ISSUED CAPITAL: 102,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold—East Driefontein:			
Ore milled (t)	705,000	705,000	1,410,000
Gold produced (kg)	8,812.5	8,436.5	17,249.0
Yield (g/t)	12.5	12.0	12.2
Price received (R/kg)	14,609	15,042	14,821
Revenue (R/t milled)	183.25	180.56	181.90
Cost (R/t milled)	53.60	53.79	53.70
Profit (R/t milled)	129.65	126.76	128.20
Revenue (R000)	129,191	127,288	256,479
Cost (R000)	37,786	37,924	75,710
Profit (R000)	91,405	89,364	180,769
Gold—West Driefontein:			
Ore milled (t)	720,000	720,000	1,440,000
Gold produced (kg)	9,744.0	9,426.0	19,170.0
Yield (g/t)	13.5	13.1	13.3
Price received (R/kg)	14,832	14,847	14,839
Revenue (R/t milled)	201.32	194.81	198.07
Cost (R/t milled)	63.75	62.96	63.36
Profit (R/t milled)	137.57	131.85	134.71
Revenue (R000)	144,951	140,265	285,216
Cost (R000)	45,903	45,335	91,238
Profit (R000)	99,048	94,930	193,978
Uranium Oxide:			
Pulp treated (t)	312,940	334,980	647,920
Oxide produced (kg)	47,466	38,376	85,842
Yield (kg/t)	0.152	0.115	0.132
FINANCIAL RESULTS (R000):			
Working profit: Gold	190,453	184,294	374,747
Profit on sale of Uranium Oxide and Sulphuric Acid	1,195	1,003	2,198
Net tribute royalties and sundry mining revenue	(498)	(120)	(618)
Net mining revenue	191,150	185,177	376,327
Net non-mining revenue (group)	14,042	16,498	30,540
Profit before tax and State's share of profit	205,192	201,675	406,867
Tax and State's share of profit	114,327	116,970	231,297
Profit after tax and State's share of profit	90,865	84,705	175,570
Capital expenditure	25,672	19,547	45,219
Dividend	107,100	—	107,100

DIVIDEND: A dividend (No. 21) of 105 cents (59.55669p) per share was declared on 13 December 1983, payable to members on or about 8 February 1984.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R361.3 million.

SHAFTS:

No. 4 Shaft—E: Surface civil work is approaching completion. The sinking stage has been erected and installed.

No. 4 Sub-Vertical Shaft—E: The shaft was sunk 58 metres to its final depth of 1,005 metres below collar. The cutting of the Transfer Level station and the excavation for the loading bins were completed.

No. 5 Shaft—E: The shaft was sunk 108 metres to a depth of 1,809 metres below collar. The planned final depth of this shaft is 1,969 metres below collar. The station on the hoist level of the No. 5 Sub-Vertical Shaft—E has been completed.

No. 5 Sub-Vertical Shaft—E: Cutting of hoist chambers and the sheave excavation continues.

No. 0 Tertiary Shaft—W: The shaft was sunk 95 metres to a depth of 192 metres below collar. The shaft has intersected and passed through 30 Level which was pre-developed from the No. 3 Sub-Vertical Shaft—W.

No. 7 Shaft—W: Work is continuing on surface civil work. The erection of the sinking stage is in progress.

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

9 January 1984

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	840,000
Gold produced (kg)	2,492.0	2,514.4	5,006.4
Yield (g/t)	5.9	6.0	6.0
Price received (R/kg)	14,592	14,956	14,764
Revenue (R/t milled)	86.71	89.74	88.23
Cost (R/t milled)	52.76	53.31	53.04
Profit (R/t milled)	33.95	36.43	35.16
Revenue (R000)	36,420	37,691	74,111
Cost (R000)	22,162	22,391	44,553
Profit (R000)	14,258	15,300	29,558
FINANCIAL RESULTS (R000):			
Working profit: Gold	14,258	15,300	29,558
Net sundry revenue	2,195	2,065	4,260
Profit before tax and State's share of profit	16,453	17,365	33,810
Tax and State's share of profit	3,805	5,774	9,579
Profit after tax and State's share of profit	12,648	11,591	24,239
Capital expenditure	7,597	6,175	13,772
Dividend	8,731	—	8,731

DIVIDEND: A dividend (No. 66) of 110 cents (62.39273p) per share was declared on 13 December 1983, payable to members on or about 6 February 1984.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R56.7 million.

No. 4 Shaft: The shaft was sunk 74 metres to its final depth of 1,634 metres below collar. The transfer and shaft bottom excavations have been completed and the changeover from sinking to permanent winding arrangements is in progress. Equipping of the shaft will commence shortly.

On behalf of the board
C. T. Fenton
A. J. Wright } Directors

9 January 1984

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 50 cents each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	64,145	47,917	112,062
from outside sources (t)	145,855	162,083	307,938
Total milled (t)	210,000	210,000	420,000
Gold produced (kg)	252.0	250.1	502.1
Yield (g/t)	1.2	1.2	1.2
Price received (R/kg)	14,622	15,133	14,870
Revenue (R/t milled)	17.58	18.07	17.82
Working cost (R/t milled)	11.74	13.17	12.45
Rock purchased (R/t milled)	3.24	3.02	3.13
Profit (R/t milled)	2.60	1.88	2.24
Revenue (R000)	3,692	3,794	7,486
Working cost (R000)	2,465	2,765	5,230
Rock purchased (R000)	681	634	1,315
Profit (R000)	546	395	941
FINANCIAL RESULTS (R000):			
Working profit: Gold	546	395	941
Net sundry revenue	546	586	1,132
Profit before tax	1,092	981	2,073
Tax:			
Formula tax	413	342	755
Non-mining tax	98	98	196
Excess recoupments tax	10	5	15
Profit after tax	571	536	1,107
Net recoupments of surface capital expenditure	19	14	33
Repayment of Capital	1,200	—	1,200

REPAYMENT OF CAPITAL: No dividend was paid or declared during the quarter. In a circular dated 23 November 1983, members were informed that the reduction in the authorised and issued capital of the company from 70 cents per share to 50 cents per share was duly confirmed by the Supreme Court of South Africa and became effective on 22 November 1983. The repayment of capital of 20 cents (11.34413p) per share will accordingly be made on or about 8 February 1984 to members who were on the register at 30 December 1983.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 December 1983.

On behalf of the board
C. T. Fenton
G. P. Alvey } Directors

9 January 1984

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	515,000	510,000	1,025,000
Gold produced (kg)	7,930.0	7,650.0	15,580.0
Yield (g/t)	15.4	15.0	15.2
Price received (R/kg)	14,740	15,037	14,886
Revenue (R/t milled)	227.75	226.28	227.02
Cost (R/t milled)	70.52	71.78	71.15
Profit (R/t milled)	157.23	154.50	155.87
Revenue (R000)	117,289	115,404	232,693
Cost (R000)	36,317	36,610	72,927
Profit (R000)	80,972	78,794	159,766
FINANCIAL RESULTS (R000):			
Working profit: Gold	80,972	78,794	159,766
Recovery under loss of profits insurance	—	1,609	1,609
Net sundry revenue	5,927	6,128	12,055
Profit before tax and State's share of profit	86,899	86,531	173,430
Tax and State's share of profit	46,373	45,589	91,962
Profit after tax and State's share of profit	40,526	40,942	81,468
Capital expenditure	15,238	16,120	31,358
Dividend	39,312	—	39,312

PRODUCTION: Production was temporarily affected by a fire which was detected in the 49 Longwall on 11 November 1983. The area has been sealed off and stoping contractors have been moved to other areas of the mine.

DIVIDEND: A dividend (No. 28) of 130 cents (73.73686p) per share was declared on 13 December 1983, payable to members on or about 8 February 1984.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R168.1 million.

SHAFTS:

No. 3 Sub-Vertical Shaft: The shaft was sunk 15 metres to a depth of 1,461 metres below collar, which is 31 metres above its final planned depth.

No. 4 Shaft: Preliminary sinking was continued to a depth of 67 metres below collar. Equipping of the headgear and the casting of hoist foundations are in progress.

No. 4 Ventilation Shaft: The shaft was sunk 261 metres to a depth of 959 metres below collar.

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

9 January 1984

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	345,000	360,000	705,000
Gold produced (kg)	1,573.5	1,611.5	3,185.0
Yield (g/t)	4.6	4.5	4.5
Price received (R/kg)	14,542	15,019	14,784
Revenue (R/t milled)	66.58	67.49	67.04
Cost (R/t milled)	58.61	57.73	58.16
Profit (R/t milled)	7.97	9.76	8.88
Revenue (R000)	22,969	24,298	47,267
Cost (R000)	20,220	20,784	41,004
Profit (R000)	2,749	3,514	6,263
FINANCIAL RESULTS (R000):			
Working profit: Gold	2,749	3,514	6,263
Net sundry revenue	1,074	1,058	2,132
Total Profit	3,823	4,572	8,395
Capital expenditure	3,616	3,033	6,649

PRODUCTION: An underground fire detected on 17 November 1983 caused a small loss of production. The fire was extinguished and work in the affected area has been resumed.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R32.3 million.

No. 1 Sub-Vertical Shaft: The shaft was sunk 22 metres to a depth of 722 metres below collar. The excavation of 29 Level station and tip cross-cut was completed.

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

9 January 1984

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	375,000	375,000	750,000
Gold produced (kg)	1,537.5	1,578.3	3,115.8
Yield (g/t)	4.1	4.2	4.2
Price received (R/kg)	14,489	15,066	14,781
Revenue (R/t milled)	59.61	63.61	61.61
Cost (R/t milled)	58.74	58.00	58.37
Profit (R/t milled)	0.87	5.61	3.24
Revenue (R000)	22,355	23,852	46,207
Cost (R000)	22,029	21,750	43,779
Profit (R000)	326	2,102	2,428
FINANCIAL RESULTS (R000):			
Working profit: Gold	326	2,102	2,428
Recovery under loss of profits insurance	49	—	49
State Assistance	543	—	543
Profit on sale of pyrite	223	148	371
Net sundry revenue	946	826	1,772
Profit before tax	2,087	3,076	5,163
Tax	371	488	859
Profit after tax	1,716	2,588	4,304
Capital expenditure	1,677	1,141	2,818
Dividend	2,020	—	2,020

STATE ASSISTANCE: State Assistance has been claimed on the assumption that there has been no change in the provisions of the Gold Mines Assistance Act, 1968. As the capital expenditure ranking for allowance has not yet been determined by the Government Mining Engineer, no allowance has been made for any capital expenditure in the calculation of State Assistance.

DIVIDEND: A dividend (No. 87) of 40 cents (22.68826p) per share was declared on 13 December 1983, payable to members on or about 8th February 1984.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R9.4 million.

On behalf of the board
C. T. Fenton
B. R. van Rooyen } Directors

9 January 1984

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/12/1983	Qtr. ended 30/9/1983	6 months ended 31/12/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	366,000	366,000	732,000
Gold produced (kg)	2,513.2	2,459.4	4,972.6
Yield (g/t)	6.9	6.7	6.8
Price received (R/kg)	14,815	15,076	14,944
Revenue (R/t milled)	101.98	101.53	101.75
Cost (R/t milled)	67.25	68.24	67.74
Profit (R/t milled)	34.73	33.29	34.01
Revenue (R000)	37,323	37,159	74,482
Cost (R000)	24,613	24,975	49,588
Profit (R000)	12,710	12,184	24,894
FINANCIAL RESULTS (R000):			
Working profit: Gold	12,710	12,184	24,894
Net sundry revenue	2,434	2,267	4,701
Profit before tax and State's share of profit	15,144	14,451	29,595
Tax and State's share of profit	30	3,309	3,339
Profit after tax and State's share of profit	15,114	11,142	26,256
Capital expenditure	11,186	6,891	18,077
Dividend	6,000	—	6,000

DIVIDEND: A dividend (No. 54) of 60 cents (45.37653p) per share was declared on 13 December 1983, payable to members on or about 8 February 1984.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1983 was R92.6 million.

SHAFTS:

No. 3 Shaft: The shaft was sunk 47 metres to a depth of 1,811 metres below collar. Station cutting on 15 Level and the excavation of the loading bins and bell cross-cut were completed.

No. 3 Sub-Vertical Shaft: Sliping of the headgear has been completed and the sliping in the shaft has reached a depth of 9 metres below collar. Development of excavations associated with the shaft complex is continuing.

No. 3 Sub-Vertical Ventilation Shaft: The shaft was sunk 2 metres to a depth of 147 metres below collar.

On behalf of the board
C. T. Fenton
A. J. Wright } Directors

9 January 1984

NOTE: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.

The Wellcome Foundation Limited

Extracts from the review by the Chairman, Mr A. J. Shepperd, for the year ended 27th August 1983.

Group Results – Group turnover increased by £82m (14%) to £674m, compared with £592m for the previous year. This year 86% of the turnover was outside the UK. Group profit before taxation on a historic cost basis was £61.2m compared with £55.1m, an advance of 11%. This percentage increase is a little below the increase in turnover and reflects the continued pressure of increased costs on profit margins.

Finance – The group's finances remain in a strong position and at the year end net borrowings amounted to 22% of shareholders' funds.

Capital Expenditure – During the year a total of £39m was spent, of which £18m was in the UK. The major capital expenditure project completed during the year was in Canada, for a new plant at Montreal for pharmaceutical production, at a cost of £12m. In October we opened a plant in Indonesia.

In the UK, at Beckenham, a new plant was completed at a cost of £1.5m for producing interferon. At Crewe, we completed the new warehouse and distribution centre built at a cost of £2m for servicing the UK market.

Operations – The introduction of 'Zovirax' in world-wide markets has continued particularly in the USA and the UK. This unique antiviral drug is available in several formulations and the marketing is proceeding in many territories as regulatory approvals are obtained.

Our company in Kenya successfully launched an important new product, 'Clexon', during the year. This is the first effective cure for the devastating parasitic cattle disease, East Coast Fever.

Summary of the financial statements	1983 £m	1982 £m
Turnover	674.4	592.5
Exports from the UK	127.6	123.4
Research and development expenditure	80.9	66.3
Profit before taxation	61.2	55.1
Taxation	23.3	18.0
Distributions to shareholders	14.0	13.0
Profit retained in the business	23.6	23.6
Capital expenditure	38.5	41.4
Shareholders' funds	367.4	326.2
Employees	*18,645*	*18,561*

Note: The results shown above are an abridged version of the audited financial statements which contain an unqualified audit report. They have not yet been delivered to the registrar of companies.

Research and Development – Expenditure on research and development during the year amounted to £81m, representing 12% of group turnover.

The Wellcome Foundation Limited is an international group of pharmaceutical and chemical companies with headquarters in the United Kingdom. Under the will of Sir Henry Wellcome, all distributions received by The Wellcome Trust, which is the sole shareholder, are applied to the support of medical and veterinary research in universities and hospitals throughout the world.

Wellcome

The Wellcome Building, 183 Euston Road, London NW1 2BP. Tel: 01-387 4477

BIDS AND DEALS

Whitbread in £18m off-licence expansion

By Lisa Wood

Whitbread, one of the major brewers, announced yesterday it was extending its off-licence activities with an £18m purchase of a package of companies from the Lonrho group.

The companies include T. F. Ashe and Nephew which operates 325 off-licences mainly in the north-west, Yorkshire and the Midlands.

Other companies acquired are involved in the wholesaling and packaging of beers, wines, spirits and soft drinks.

Whitbread already owns the Thresher off-licence chain which operates mainly in the south of England. The acquisition of the T. F. Ashe and Nephew chain will give the company a wider geographical spread and bring it into third place in the off-licence league table.

At present this is headed by Bass, with some 1,000 off-licences with Allied Breweries in second place with about 900. Whitbread, with its latest acquisitions, will have about 730 off-licences.

The deal is for £18m cash, of which £3m is payable in one year's time.

The announcement comes after a series of acquisitions of off-licence chains in the extremely competitive off-licence trade. In August, for example, Bass made a £6.8m purchase of the Augustus Barnett wine and spirits chain. The brewing group said it would give it a much stronger retailing presence in South-east England.

Wood Mackenzie and Co., the Edinburgh-based stockbrokers, said: "Retail margins in off-licences are quite small, but the return on capital can be quite high if they are integrated with the wholesaler."

Italian retailers take stake in Empire Stores

BY TERRY GARRETT

TWO PRIVATE Italian retail groups are taking a 20 per cent equity stake in Empire Stores (Bradford) in a move which could have a significant impact on the British mail order group's future trading and cement its position as an independent operator in the sector.

Gecos and Selefin have together bought 4.8m new shares in Empire at 80p each injecting £3.7m cash into the British group. The placing lifts Geco's stake in Empire from 4.4 per cent to 15 per cent on the enlarged capital and Selefin's holding from 3.9 per cent to 5 per cent. Empire's shares rose 16p to 88p in the market.

Mr John Gratwick, chairman of Empire, said yesterday that the three companies had been "talking together on and off for a couple of years or more." They had discussed ideas of "mutual interest" long before Great Universal Stores made its abortive bid in 1982 or the merger proposals with Grattan which were formulated by Sears Holdings last year.

Mr Gratwick said there was "no intention that they will increase their stake or make a full bid."

Following the placing, Dr Tito Bastianello, chairman of Gecos, will join Empire's board. Gecos has considerable experience in the application of high technology equipment in retailing. Selefin is a leading retailer of ladies' fashionwear in Italy and will make available its expertise to strengthen Empire's buying.

GUS has been sitting on a 29.9 per cent stake in Empire ever since its £37m bid was blocked by the Monopolies Commission. Last month, the Department of Trade and Industry told GUS that it had to sell the bulk of its stake by January 1 1985. In the meantime, GUS can only vote up to 10 per cent of its shares.

The placing of 4.8m shares with the two Italian companies drops *GUS's holding* to under 27 per cent. Mr Harold Bowman, assistant managing director of GUS, said yesterday that his company would not comment on the deal until the documents had been seen.

Mr Gratwick emphasised that the deal was not a defensive move to ward off any further predators. "It offers us a new dimension in fashion retailing and the access to expertise on technical development. The purpose here is a positive thing in the interest of the company.

"Having 20 per cent of the equity in friendly hands was "not the main rationale, but a useful by-product, as is the cash in the kitty."

The directors of Empire confirm their earlier forecast that it will achieve pre-tax profits for the whole of the current year.

Newman ends ceramics interest

Newman Industries, the electric motors, industrial fasteners and engineering group, has finally closed what the company yesterday described as the "disastrous chapter" of its involvement in the ceramics industry.

It announced yesterday that it had disposed on December 16 last year of its one remaining trading interest in the industry, Salem Glass of West Virginia, which had been closed for over a year.

Newman, which underwent a major refinancing operation in early 1983 worth £3.3m, had earlier disposed of two other ceramics companies in the U.S., and sold its three Midlands ceramics interests (principally Grindleys and Cartwright and Edwards) to Federated Potteries in February of 1982.

The assets of Salem Glass are to be acquired by a New York company, Judel Glass, for $350,000.

Newman has recently emerged from a period of heavy losses and growing indebtedness—marked by particularly virulent boardroom strife—and turned back into profit. In the six months to June 1983, pre-tax profits were £1.59m, against £0.64m, on turnover of £35.8m (down from £37.7m). The group returned to the black in 1982, earning £0.35m on £72.4m turnover, after losses in 1980 and 1981 of £2.9m and £4.1m.

The group's decision to end its involvement in ceramics and last year's cash injection—engineered largely by Finance for Industry and UK Provident and marking the effective withdrawal of Cycle and Carriage, the Singapore company which had a controlling stake in Newman—have transformed the company's balance sheet.

S. Pearson offshoot in £4.4m U.S. deal

Fairey Holdings, the engineering sector of S. Pearson & Son, has signed an agreement to purchase *Red Lion Controls* of York, Pennsylvania.

Red Lion is an advanced micro-electronic component manufacturer.

The price will be between £4.4m and about £4.9m depending on profits earned between 1983 and 1986, £1.5m payable on completion this month, £1m in 12 months' time and the balance over a further 2½ years.

Riley Leisure builds up on keep-fit side

Riley Leisure, Britain's biggest billiards table makers and snooker club owner, has acquired the Athletic Equipment Manufacturing Company, maker and supplier of sports and fitness equipment, for £37,700.

Consideration will be satisfied by the payment of £4,400 cash and the issue of 23,786 ordinary shares in Riley Leisure.

In the year to December 31, 1982 AEM's turnover totalled £400,000 on which a pre-tax loss of £14,000 was incurred. Net tangible assets of the company amounted to £52,000.

Apart from its billiards tables and snooker clubs Riley Leisure makes and supplies keep-fit equipment.

Initial pays £1.3m for Dutch laundry

Initial, laundry service group, has acquired for £1.3m the Ruwekamp Hospital Laundry from the Samivoz Foundation in Holland.

Situated in Den Bosch, the laundry currently serves some 26 private geriatric and psychiatric hospitals mainly in the south of Holland.

The directors say that the acquisition, by Initial's subsidiary, Hokatex BV, extends the company's "already significant specialised laundry activities" in that country where the provision of hospital services is regarded as a major growth area.

Unitech gains control of Qualidyne Systems

Unitech, the UK-based electronic components and power supplies manufacturer with interests in West Germany, France and the U.S., is to acquire a controlling stake in Qualidyne Systems of San Diego, raising its holding from 30 per cent to 58 per cent for $3.87m.

Qualidyne is a leading supplier of switched mode power supplies for the high power sector of the market. A Unitech subsidiary, Coutant Electronics, markets its products in Europe.

The deal, which involves the purchase by Unitech of 1,289,620 more ordinary Qualidyne shares (a mixture of shares from existing holders and the issue of new shares) at $3 per share, includes the purchase by Qualidyne of Compania Electronica Latinoamericana SA, a Mexican company which supplies Qualidyne with transformers.

Qualidyne reported sales of $4.15m in the year ending September 30 1983, with profits of $742,000 pre-tax, on net assets of $1.3m. The acquisition marks a further push by Unitech into the U.S. high power market, where it is also keen to establish a bridgehead for lower power units. Its U.S. interests now account for around a tenth of its operations.

Maynards profit forecast 'must be disappointing'

Mr Lewis Cartier has replied to the Maynards defence document. He says the Maynards' directors forecast of £1.28m profits for the year ending June 30 1984 before exceptional items, is less than the profits achieved in four out of the previous five years and ignores any trading losses from the CTN division in the current half year by treating them as extraordinary. "This must be very disappointing for shareholders."

The directors' claim of a strong asset backing "can hardly be justified" when freehold and leasehold properties, as revalued, represent less than 25 per cent of Maynards' total assets at June 30 1983, he says.

Reminding shareholders that his 250p cash per share offer for 51.8 per cent of Maynards should be accepted by Thursday, he tells them of his belief that the best future for the company is as a specialist toy retailer and they "can look forward to exciting growth under my management."

BIDS AND DEALS IN BRIEF

Haverford Securities has announced that it is considering making an offer for the whole of the issued share capital of Tring Hall Securities.

Notices have been posted to shareholders of Tring Hall convening an AGM and an EGM on January 23 1984.

* * *

Mr T. J. Nicholas has acquired a further 925,926 ordinary in The London Investment Trust under the terms of the Centrespur Group acquisition. As a result, Mr Nicholas, together with his family's interests, is interested in a total of 4,000,926 (4.5 per cent) shares.

* * *

Bellair Cosmetics has been informed by solicitors acting for Wasskon Establishment that Wasskon has not disposed of nor is it intending to dispose of its stake in Bellair.

* * *

The proposed acquisition of Bishop's Group by Booker McConnell is not to be referred to the Monopolies Commission.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MITSUI & CO., LTD.

EDR holders are informed that Mitsui & Co. Ltd. has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen 2.58 per Common Stock at Yen 50.00 per share. Pursuant to Clause 4 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 30 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 30 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1 share	$0.010775	$0.009159	$0.008620

Depositary: Citibank, NA, 336 Strand, London WC2R 1HB

January 10, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN OKUMA MACHINERY WORKS, LTD.

Further to our notice of September 23, 1983, EDR holders are informed that Okuma Machinery Works, Ltd. has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen [illegible] per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 9 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 9 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$17.24	$14.65	$13.79

Depositary: Citibank, NA, 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) SA, 16 Avenue Marie-Therese

January 10, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MINEBEA CO., LTD.

Further to our notice of September 26, 1983, EDR holders are informed that Minebea Co. Ltd has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen 6.50 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 3 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 3 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$36.63	$31.14	$29.31

Depositary: Citibank, NA, 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) SA, 16 Avenue Marie Therese

January 10, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SHARP CORPORATION

Further to our notice of September 26, 1983, EDR holders are informed that Sharp Corporation has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen 5.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 5 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 5 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$21.27	$18.08	$17.02

Depositary: Citibank, NA, 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) SA, 16 Avenue Marie Therese

January 10, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NOMURA SECURITIES CO., LTD.

EDR holders are informed that Nomura Securities Co. Ltd has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen 7.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 5 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 5 for payment to the *undermentioned agents.*

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 5 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$30.17	$25.64	$24.15

A free distribution of shares has also been made to holders of record September 30, 1983 in the ratio of 0.03 share for each 1 common share of Yen 50.00 each (3 new for each 100 old). EDR holders are informed that the new shares are now available *for delivery and* should be claimed by presenting Coupon No. 8 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.

Depositary: Citibank, NA, 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) SA, 16 Avenue Marie Therese

January 10, 1984

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN HITACHI, LTD.

BDR holders are informed that Hitachi, Ltd has paid a dividend to holders of record September 30, 1983. The cash dividend payable is Yen 5.50 per Common Stock of Yen 50.00 per share. The Depositary has arranged for the net amount, after deduction of Japanese withholding taxes, to be converted into United States Dollars.

BDR holders may now present Coupon No. 1 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F.R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1984.

Amounts payable in respect of current dividends:

Coupon No. 1 BDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1 share	$0.014899	$0.012664	$0.011919

Depositary: Citibank, NA, 336 Strand, London WC2R 1HR

January 10, 1984

REPUBLIC OF SOUTH AFRICA
LOAN OF U.S.$25,000,000
6% 1972/1987

The U.S.$3,000,000 redemption instalment due February 1, 1984 has partly been met up to a nominal amount of U.S.$440,000 by purchases in the stock exchange.

The remaining amount of U.S.$2,560,000 has been completed by a drawing of bonds on the 19th of December 1983 in the presence of a notary public.

Numbers of the Bonds drawn: 8950/18524 inclusive when taking account of previous repurchases.

Bond drawn will cease to bear interest on February 1st, 1984.

Bonds presented for repayment must have their coupons as at February 1st, 1985 and subsequent attached and will be paid in accordance with the conditions shown on the bonds.

Outstanding amount after February 1st, 1984: U.S.$9,000,000.

Previous Reimbursement 01.02.83 Nos. 4423/6986 inclusive when taking account of previous repurchases.

The Paying Agent
BANQUE PARIBAS (LUXEMBOURG) SA

LEGAL NOTICE

CRAFTCHOICE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of Craftchoice Limited, will be held at the offices of THORNTON BAKER, Fairfax House, Fulwood Place, London WC1V 6DW on Wednesday the 18th day of January 1984 at Eleven o'clock in the Forenoon, for the purposes provided for in Sections 293, 294 and 295 of the said Act.

Dated the 4th day of January 1984.
By Order of the Board.
R. G. KEITH, Secretary.

CLASSIFIED ADVERTISEMENT RATES

Effective January 3, 1984

	Per line Minimum 3 lines	Single column cm Minimum 3 cms
Commercial and Industrial Property	9.50	33.00
Residential Property	7.50	25.00
Appointments	10.00	34.50
Business, Investment Opportunities, Business for Sale/Wanted	9.50	33.00
Personal	7.50	25.00
Motor Cars	7.50	25.00
Hotels and Travel	7.50	25.00
Contracts and Tenders	9.50	33.00
Book Publishers	—	net 15.50

Premium positions available
(Minimum size 30 column cms)
£6.00 per single column cm extra

For further details write to:
Classified Advertisement Manager
Financial Times, 10 Cannon Street, EC4P 4BY

ASICS Corporation

NOTICE TO EDR HOLDERS

The Chase Manhattan Bank N.A. as depositary gives notice that at a meeting of the board of Directors of ASICS Corporation, it was resolved that a free distribution be made to holders of common shares, Yen 50 each of 1 new share for every 10 common shares held as of record date January 20, 1984. With effect from January 13, 1984, the shares will be traded ex-capitalisation and also ex the year-end cash dividend which will be paid by the company, subject to shareholders' approval as of record date January 20, 1984.

Coupon No. 5 to the EDRs will be used for the purpose of claiming the free distribution and coupon No. 6 will be used for claiming the year-end cash dividend, both coupons being deemed to have matured on January 13, 1984. With effect from that date, both coupons should be detached from any EDR presented for surrender and will not be issued with any new EDR. EDR holders are further informed that the register of shareholders of the company will be closed from January 21, 1984, and is not expected to reopen until February 20, 1984. During this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs. A further notice will be published as soon as practicable, stating the actual securities or other property to be distributed in respect of each EDR and the date and method to be employed for the delivery or payment thereof. It is only upon such notice that any payment or distribution will be effected against coupon No. 4 or coupon No. 5.

The new shares will rank for dividends having a record date on or after January 21, 1984, and will rank pari passu in all other respects with the existing shares.

January 1984.

The Chase Manhattan Bank N.A.
London, as depositary

Granville & Co. Limited

Member of NASDIM

Over-the-Counter Market

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	124	—	8.4	5.2	7.3	9.5
158	117	Ass. Brit. Ind. CULS ...	136	—	10.0	7.4	—	—
78	62	Airsprung Group	76	—	6.1	8.0	21.7	21.7
38	21	Armitage & Rhodes	28	—	—	—	—	—
275	141½	Bardon Hill	275	+2	7.2	2.6	11.2	22.6
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
200	198	CCL Ordinary	198	—	5.0	2.5	6.5	6.3
151	121	CCL 11pc Conv. Pref. ...	147	—	15.7	10.7	—	—
185	100	Carborundum Abrasives	185	+6	6.7	3.1	—	—
249	100	Cindico Group	100	—	17.6	17.6	—	—
63	45	Deborah Services	51	—	6.0	11.8	27.3	44.3
186	75	Frank Horsell	186	+1	—	—	8.1	12.8
173	75½	Frank Horsell Pr Ord 87	173	—	8.7	5.0	7.3	11.9
69	39	Frederick Parker	39	—	7.1	18.2	2.4	3.9
39	32	George Blair	33	—	—	—	—	—
80	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
226	134	Isis Conv. Pref.	225	—	17.1	7.6	—	—
121	61	Jackson Group	121	—	4.5	3.7	8.3	12.4
237	189	James Burrough	235	—	11.4	4.9	13.0	13.4
315	275	Minihouse Holding NV	315	—	4.0	1.3	23.7	23.7
176	117	Robert Jenkins	117	−1	20.0	17.1	13.6	9.1
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	75	Torday & Carlisle	75	—	2.8	3.9	—	—
440	385	Trevian Holdings	440	—	—	—	9.0	8.2
28	17	Unilock Holdings	17	—	1.0	5.6	11.1	10.2
90	65	Walter Alexander	80	−1	6.8	7.8	7.5	10.0
276	240	W. S. Yeates	240	—	17.1	7.1	3.7	7.7

MINING NEWS

U.S. recovery bolsters diamond sales in 1983

BY KENNETH MARSTON, MINING EDITOR

WORLD SALES of rough (uncut) diamonds handled by the Central Selling Organisation (CSO) on behalf of South Africa's De Beers Consolidated Mines and other producers continued to recover last year. In terms of U.S. dollars the total value of sales rose 27 per cent to $1.6bn (£1.15bn) from $1.26bn in 1982.

Because of the weakness of the South African rand against the U.S. dollar—sales are made in the latter currency—the rand value of the sales showed a sharper rise of 30 per cent to R1.77bn from 1.36bn in 1982.

In each currency, the sales value in the second half of last year was below that of the first half, a return to a more normal seasonal trend than was seen in 1982. Second half 1983 sales amounted to $712.2m and R811m, respectively.

The major factor behind the latest improvement was the recovery in the U.S. economy which was reflected in an exceptionally strong demand there at Christmas for gem diamonds at the retail level.

	Six months to June Rm	Dec Rm	Year's Total Rm
1983	960.0	811.0	1,771.0
1982	635.5	724.1	1,359.6
1981	747.5	501.9	1,249.4
1980	1,267.2	874.4	2,141.6
1979	1,085.4	1,106.2	2,191.6
1978	1,063.5	1,155.4	1,218.9
1977	943.4	859.3	1,802.7
1976	681.9	670.0	1,351.9
1975	355.1	438.4	793.5
1974	525.5	313.6	849.1
1973	478.7	441.9	920.5
1972	323.4	332.1	655.5
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4

The U.S. accounts for getting on for one-third per cent of gem diamond sales and about 40 per cent of them take place at Christmas. Last year's Christmas sales there are thought to have increased in value by 15 per cent to 20 per cent on 1982.

In April last year the CSO increased the prices of rough gem (not industrial) diamonds by 3.5 per cent and this followed a rise of an average 2.5 per cent in September 1982. The April increase came after a better than expected level of retail sales over Christmas 1982, but the market failed to live up to its expected promise.

Even so, it continued strong as far as the smaller and cheaper stones were concerned. Subsequently demand began to spread upwards into the better quality diamonds, but the market for the big and expensive "investment" diamonds remained stagnant

Particularly encouraging is the fact that there is now a strong demand for polished gem diamonds of 2 carats or so in the wholesale price range of $2,000 to $5,000 per carat weight; retail prices are about double this.

In London yesterday, De Beers' deferred shares closed a net 16p down at 522p on Cape selling following an earlier rise to 542p.

Higher quarterly gold profits

THE LOWER gold price in the closing three months of last year focused the attention of the South African gold mining industry even more firmly than before on operating efficiencies, even though the mines were cushioned from the worst effects of the weaker price by the continued depreciation of the rand.

The first batch of December quarterly reports, from the mines in the Consolidated Gold Fields group, shows higher overall profits of R165.28m (£93.4m), against R156.1m in the September quarter.

The reports demonstrate that the mines which did best were those which were most successful at containing operating costs. This was generally achieved by either the extraction of higher grade ores or increasing mill throughput, or a combination of the two.

The group's total production costs were almost R1m lower, the first fall for at least 10 years.

The amount taken from profits by way of taxation and the state's share of profits is also an important consideration, and here several of the mines were able to limit this by boosting capital spending, which is allowable for offset under the South African system.

The best individual performance from the Gold Fields mines probably came from Doornfontein, which lifted net profits to R15.11m (£8.54m) from R11.14m in the September quarter.

The biggest single factor in Doornfontein's improvement was the tax charge, which fell to R30,000 from R3.3m last time as a consequence of the rise in capital expenditure to R11.19m from R6.89m in the previous three months.

The ore grade rose slightly, and this helped the mine to contain costs on a maintained milling rate.

The big Driefontein Consolidated also did well in the latest quarter, with net profits 7.3 per cent higher. Increased capital spending again helped to cut the tax charge, but the main feature was a switch to higher ore grades.

East Driefontein lifted its grade from 12 grammes of gold per tonne to 12.5 grammes, while the West Drie section rose from 13.1 grammes to 13.5 grammes.

The slight decline in the profits of the young Deelkraal was caused by a small loss of production following the underground fire in November.

The marginal Venterspost, which made a profit of just 87 cents on each tonne of ore milled, has applied for a total of R543,000 under the state assistance scheme.

The latest net profits are compared in the accompanying table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Deelkraal	3,823	4,572	5,827
Doornfontein	15,114	11,142	14,348
Driefontein	90,865	84,705	106,577
Kloof	40,526	40,942	39,762
Libanon	12,648	11,691	13,779
Venterspost	1,715*	2,588	5,142
Vlakfontein	571	536	620

*After receipt of state assistance

APPOINTMENTS

Mr Basil E. S. Collins, new chairman of Nabisco Brands

Oscar-winning "Chariots of Fire" film producer Mr David Puttnam has joined the board of ANGLIA TELEVISION.

★

Mr Jeffrey R. Kennedy has been appointed director of BUTCHER, ROBINSON AND STAPLES.

★

Mr Leo Wright, son-in-law of the late chairman, Mr Gordon Billam, has been appointed group chairman of J. BILLAM. Mr Wright has been an executive director since 1971. Mr Derek A. Bashforth remains group managing director. Mr George William Fielding, was appointed group financial director retaining the position of group company secretary. Mr Ronald Lee was appointed an executive director of the group with special responsibility for the engineering department. Mr Lee has been technical director of Aircraft and Sheet Metal Engineers (the main subsidiary of the Billam Group) since 1972. Mr R. C. W. Blackburn, and Mr A. E. Wood remain non-executive directors.

★

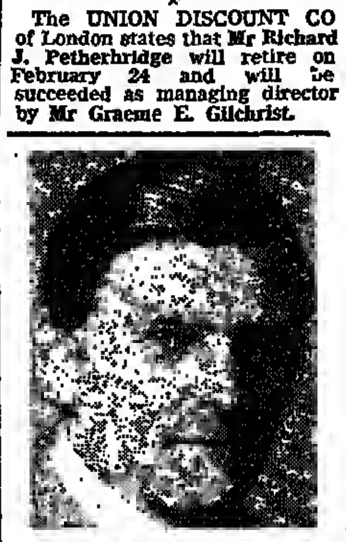
MITCHELL SOMERS has appointed Mr Roger A. Meacham as managing director of its heavy forging subsidiary, Clarke's Crank and Forge Company, Lincoln, following the retirement of Mr Jack Picken. Mr Meacham joins the group from Aurora where he was managing director of its subsidiary, George Turton Platts.

★

LOTUS DEVELOPMENT CORP has appointed Mr Chuck Digate as director of international operations, a new position. He comes to Lotus from Texas Instruments where he was manager of the European Home computer division. At Lotus, he is responsible for the startup and management of non-domestic business, which will be concentrated on the European market in 1984, and will be based in London.

★

The UNION DISCOUNT CO of London states that Mr Richard J. Petherbridge will retire on February 24 and will be succeeded as managing director by Mr Graeme E. Gilchrist.



Mr Derek Pelly, a vice-chairman of Barclays Bank, has also been appointed a director of Barclays Bank UK

Mr Bernard Brown and Mr Colin Wright have been appointed partners in PEAT MARWICK'S London office.

★

Mrs Kathrine Hawkins has been appointed a full director of BILMES FINANCIAL MANAGEMENT. Mr David S. Hare, formerly marketing director of Lease Management Services, Brown Shipley Leasing subsidiary, has joined the Bilmes Group to run the newly-formed Bilmes Leasing Consultancy.

★

Mr David Nicholas has been appointed group managing director of HARMO INDUSTRIES, Birmingham, part of the automotive division of Tenneco Inc, Houston, U.S. He was director of operations.

★

Mr A. L. R. Morton has joined the board of BURGESS PRODUCTS (HOLDINGS) as a non-executive director.

★

Mr R. H. Aldous and Mr A. O. Ramage have joined the board of UNIONAMERICA MANAGEMENT COMPANY.

★

Mr John Isaac has been appointed to the board of BANKSCOPE INSURANCE SERVICES.

★

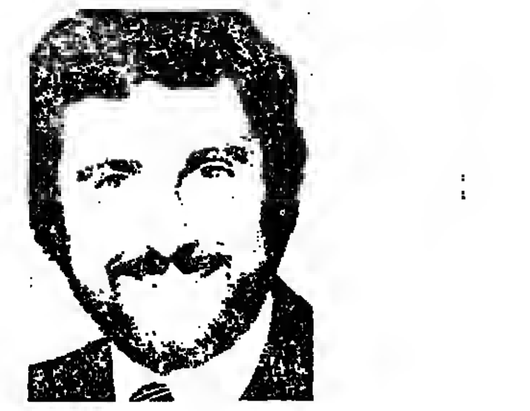
From January 9, Mr E. T. J. Dunn becomes managing director of RAVENDALE SECURITIES. He joined Ravendale Group, from the Stock Exchange where he was secretary to principal standing committee, manager commissions and dealings, and adviser to the markets committee.

★

Following approval of the increase in authorised share capital and the establishment of an executive share option scheme, Mr K. H. Coates and Mr U. N. P. McCorkell have joined the board of MEGGITT HOLDINGS as group managing director and group financial director respectively. They were previously both director of Flight Refuelling Holdings.

Top posts at Nabisco

NABISCO BRANDS has appointed Mr Basil E. S. Collins as chairman and Mr H. John Greeniaus as chief executive. Mr Collins, formerly deputy chairman and group chief executive of Cadbury Schweppes, is to serve as non-executive chairman. He is also a director of British Airways and the Thomas Cook Group, and has just been appointed a director of the Royal Mint. The new chief executive, Mr Greeniaus, a Canadian, was appointed deputy chairman of Nabisco Brands in September 1983. He is a senior vice president of International Nabisco Brands Inc. and, prior to his UK appointment last autumn, was group executive responsible for the Life Savers, Nabisco Confections and food service divisions of Nabisco Brands in the U.S. Nabisco Brands Limited comprises the UK and Irish interests of U.S.-based Nabisco Brands, Inc., the world's sixth largest food processor. It has a UK staff of 16,000, and the UK turnover of over £400m covers principally four sectors of the food business. In biscuits Jacobs, Peek Freans, Ritz and Huntley and Palmer brands account for most of the company's 23 per cent share of the total UK market, while 40 per cent of the snacks market is shared between Walkers, Smiths, Planters and Tudor. Shredded Wheat, Shreddies and other cereals account for 10 per cent of the cereal sector. In the confectionery market, Nabisco Brands is represented by Bendicks and Caxton.



Mr H. John Greeniaus, new chief executive of Nabisco Brands

Mr William A. Gillham has been appointed to the new position of director-sales and service for KARRIER MOTORS, Dunstable-based commercial vehicle manufacturer. He joins from Datsun UK.

★

Mr D. W. R. Harland has been appointed chairman and chief executive of CAL FUTURES. Ms C. Campbell-Gray becomes trade client director of CAL Futures, and Mr J. P. Aylward is appointed to the board of CAL Investments.

★

Mr David Birrell, senior partner of Dundas and Wilson, and a director of Lawrie and Symington, New Darien Oil Trust, and Securities Trust of Scotland, has joined the board of the SCOTTISH LIFE ASSURANCE CO.

★

INTERNATIONAL SIGNAL & CONTROL GROUP elected Mr Richard H. Holmberg to the group's main board as technical director. He was formerly president and chief executive officer of the group's defence systems division. He has been with ISC since 1973. Mr Walter E. Fairbanks succeeds Mr Holmberg as president of ISC Defense Systems. Mr Fairbanks joined ISC on June 1 last year. Prior to that he was tactical systems director for General Dynamics, electronics division. International Signal and Control Group is the UK holding company of the ISC Group. ISC Defense Systems is a U.S. member of the Group.

★

BP CHEMICALS, has appointed Mr A. J. S. Hooper as business general manager, chemicals from January 18. He succeeds Dr K. R. Hargrave, who is retiring.

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FINANCIAL TIMES
Tuesday January 10 1984

WALL STREET

Rate trends make for restraint

ANOTHER busy trading session developed on Wall Street yesterday, but leading stocks were restrained by uncertainties over trends in the credit markets. Turnover in stocks was heavy during the first two hours, with market indices edging through to new peaks before retreating later as the bond market failed to respond to Friday's announcement of a $600m fall in M1 money supply, *writes Terry Byland in New York.*

By 3pm the Dow Jones industrial average was 4.29 off at 1,282.35. The note of hesitancy which sounded through the stock market came after strong advances the previous week. Several brokerage houses including Merrill Lynch, the largest Wall Street trading concern, urged caution, warning that major institutions had run down their cash balances and were unwilling to switch out of the bond market into stocks. The Dow closed down 0.42 at 1,286.22.

Mr Peter Canelo, of Merrill, pointed out that the average corporate bond is now yielding nine percentage points more than the average on the Standard and Poor's 400 stock index, a near record gap. "Since November, the bond market hasn't done very much," he commented.

With the post-Christmas cash squeeze now abating, the Federal Funds rate eased again yesterday, but at 9½ per cent, this crucial market rate for short-term funds was also little changed from two months ago.

The stock market remains confident that the first quarter of this year will bring widespread gains in corporate profits but needs to see a definite downturn in interest rates in the credit markets before resuming its advance.

Airline issues were among those to encounter profit-taking.

The AT&T stocks continued to head the list of active stocks by a considerable margin. The old stock edged up $¼ to $66⅝ and the new gained $⅛ to $19⅞.

Also trading strongly were stocks involved in the Getty Oil saga, the largest takeover bid so far recorded.

With Texaco almost certainly the winner, barring any antitrust hitches in its deals for control of the company, Getty stock made a delayed trading start yesterday before returning to the market at $118½, a net $14 higher, compared with the $125 a share offered by Texaco. Later, Getty traded at $117¾, and more than 1m shares were traded of the 28m Texaco is offering to buy.

Pennzoil, apparently the loser in the fight, dipped $2¼ to $35⅞, but a gain of $1 to $47⅞ in Gulf Oil was ascribed to market belief that Pennzoil might turn its takeover attentions in Gulf's direction.

Other strong features again included stocks of the Wall Street trading houses, which may benefit from the increased turnover in the market. Merrill Lynch, trading heavily again, put on $⅛ to $36, and Phibro-Salomon at $34⅜ was another $½ up.

In the bond market, prices edged forward, effectively regaining modest falls chalked up late on Friday after the announcement of money supply statistics. The Federal Reserve helped out with overnight system repurchases with funds at 9½ per cent.

The key long bond at 101 11/32 was 5/32 up and yielding 11.84 per cent. Discounts on Treasury bills slackened slightly, putting the three-month bill at 8.90 per cent and the six month at 9.10 per cent.

LONDON

Another milestone achieved

SWEPT HIGHER with the rising tide of confidence on international markets, London equities opened on a euphoric note, while a host of delayed New Year tips for almost every sector of UK industry also encouraged investors. The FT Industrial Ordinary share index achieved another milestone, closing 5.7 up at 800.

UK investment institutions were less enthusiastic after having placed sizeable funds towards the end of the previous week.

Speculative Irish oils, were hit heavily by a wave of selling, although all popular stocks recovered well.

In the wake of sterling's later rally, gilt-edged stocks went higher, the longs settling about ⅛ up.

South African sectors of mining markets began in disarray with golds falling sharply to their lowest levels since late November. De Beers fell 16p to 522p following disappointment with 1983 diamond sales.

Details, Page 27; Share information service, Pages 28–29

AUSTRALIA

DESPITE DECLINES towards the end of trading, share prices finished higher in moderate activity in Sydney.

The All Ordinaries index finished with another record high at 787.9; up 1.5 points from Friday.

The All Industrials index was also at a record, closing 1,023.3, up from 1,020.3.

Brokers said the continuing rise was due to overseas orders placed after the close on Friday, while local buying was hesitant.

HONG KONG

IN A BURST of heavy turnover Hong Kong extended its recent rally, pushing the Hang Seng index to a four-month high.

The index finished 27.9 points up at 937.46, for the highest close since September 7. Combined turnover soared to HK$320.26m, making yesterday's session the most active since last July.

Hang Seng Bank rose HK$2 to HK$41.00 and Hongkong Bank added 20 cents to HK$7.40. Swire Pacific "A", Jardine Matheson, and Hutchison Whampoa all added 80 cents, to reach HK$18.10, HK$12.70 and HK$15.60 respectively.

SINGAPORE

BUYERS dominated the Singapore market and shares continued to rise, although some late profit-taking pared early gains slightly.

Trading was active throughout the session but turnover dropped. The Straits Times index closed 5.63 points higher at 1,033.55.

Price changes were mostly small. Sime Darby had the highest turnover with 880,000 shares, closing 2 cents higher at S$2.76 and Faber Merlin was unchanged at S$1.85 on 875,000 shares traded.

SOUTH AFRICA

GOLD SHARES dropped sharply in Johannesburg but selling was not excessively heavy.

Gold Fields was down 50 cents to R24.5 after quarterly reports from group producers. The trend was followed by other minings and financials. Heavyweight Randfontein was down R7 at R164, the biggest loss of the day. De Beers closed unchanged at R9.45.

Industrials were mixed.

CANADA

PRONOUNCED weakness among Toronto gold stocks, in line with the erosion in world bullion values, provided a mixed tone to the market as gains in property and media issues led non-resource sectors higher. Base metals and minerals held up well.

Demand developed in Montreal for banks, while industrials and utilities were generally dull.

TOKYO

Five-figure first after brisk start

BRISK BUYING sent the Nikkei-Dow average above 10,000 for the first time in Tokyo yesterday, with banks and non-life insurance companies leading the way, *writes Shigeo Nishiwaki of Jiji Press.*

The index advanced more than 28 during the morning to surge through the 10,000 level. It continued the advance to end the day at 10,053.81, a gain of 71.36. But with no particular incentives, turnover was sharply down to 427.99m shares from last Friday's 713.33m. Advances outpaced declines 401 to 310, with 113 issues unchanged.

In a streak of nine days of sharp rises, the market barometer has registered records on eight consecutive trading days, but some operators believe yesterday's considerable volume shrinkage indicates investor concern about the market outlook.

Investors actively bought such laggards as banks, non-life insurances and securities houses. Among other populars were non-ferrous metal stocks and other speculative issues. Conversely, high-priced blue-chip issues, which had been in favour, eased amid growing concern over reversals, in reaction to their rapid gains.

Among city banks attracting buyers, Fuji Bank rose Y110 to Y615, while Sumitomo Bank and Mitsubishi Bank each added Y100 to Y630 and Y614 respectively. The three banks posted maximum allowable rises.

Buying interest spread to regional banks, but the market saw only a limited number of contracts concluded because of lack of selling offers.

Behind the abrupt buying of banks, which rarely gain popularity, lies the dominant view among market participants that banks were "undervalued" in the light of their price earnings ratio (P/E), standing below 20, compared with 28.8 for an average P/E of all issues listed on the Tokyo Stock Exchange's first section.

Non-life insurances were also bought on renewed investor appreciation of their large assets: Tokio Marine and Fire Insurance added Y18 to Y583

On the bond market yields soared on selling by some smaller securities houses and financial institutions. The yield on 7.5 per cent government bonds, due in January 1993, rose 0.06 percentage points to 7.485 per cent.

EUROPE

Conditions quieten considerably

THE CONTINUED strength of the dollar finally made investors pause for thought in many European centres yesterday, but not until some bourse indices had paid their almost customary visits to record levels.

These were seen in West Germany, Belgium, France, Denmark and Norway, while indices in the Netherlands and Switzerland remained near all-time highs.

In **Frankfurt**, shares achieved advances by midsession which took the Commerzbank index up 1.80 from Friday's record to a new high of 1,065.40, while the FAZ index also peaked at 359.96, up 1.05 on the day.

But in quieter conditions later, as consideration centred on the outlook for the U.S. currency, shares gave up the early gains to close the session lower on balance.

Bonds were also depressed amid market speculation on a possible rise soon in the 5.5 per cent Lombard rate. The Bundesbank bought DM 54.1m in paper.

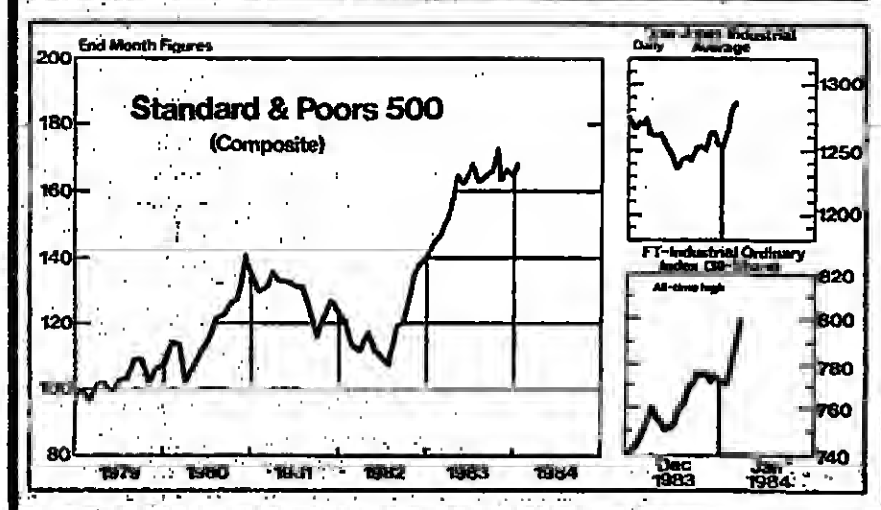
In Brussels, a 10-year high was recorded by the general index which added 1.15 to 138.78. Holding companies were firm with Sofina up BFr 160 to BFr 5,880, Société Générale de Belgique BFr

Continued liquidity made available from interest yields on government bonds allowed Paris bourse indices to build on Friday's previous records. The CAC Générale index added 1.8 to 165.50 while the Indicateur de Tendence advanced 0.9 to 106.1.

The market also drew strength from the bright performance of the so-called

Continued on Page 26

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 9	Previous	Year ago
DJ Industrials	1286.22	1286.64	1076.07
DJ Transport	612.63	611.79	460.37
DJ Utilities	133.77	134.83	124.49
S&P Composite	168.86*	169.28	145.18
LONDON			
FT Ind Ord	800.00	794.30	613.70
FT-A All-share	486.76	483.63	393.64
FT-A 500	520.02	516.58	431.85
FT-A Ind	479.68	475.56	405.63
FT Gold mines	529.50	557.10	618.50
FT Govt secs	83.77	83.540	79.85
TOKYO			
Nikkei-Dow	9953.71	9961.25	8169.19
Tokyo SE	750.31	739.55	599.51
AUSTRALIA			
All Ord.	787.9	786.40	515.60
Metals & Mins.	565.8	566.80	445.40
AUSTRIA			
Credit Aktien	55.49	55.60	50.78
BELGIUM			
Belgian SE	138.76	137.83	102.11
CANADA			
Toronto Composite	2585.7*	2585.7	2073.2
Montreal Industrials	452.37*	451.40	357.90
Combined	434.54*	433.87	342.83
DENMARK			
Copenhagen SE	221.97	218.21	104.38
FRANCE			
CAC Gen	165.50	163.70	101.30
Ind. Tendance	106.10	105.20	62.10
WEST GERMANY			
FAZ-Aktien	359.96	358.91	254.83
Commerzbank	1065.40	1063.60	769.10
HONG KONG			
Hang Seng	937.46	909.56	798.85
ITALY			
Banca Comm.	203.62	200.77	160.89
NETHERLANDS			
ANP-CBS Gen	165.60	166.10	106.20
ANP-CBS Ind	137.60	138.00	89.50
NORWAY			
Oslo SE	232.00	228.37	103.22
SINGAPORE			
Straits Times	233.55	1027.93	725.04
SOUTH AFRICA			
Golds	810.2	839.4	969.3
Industrials	1008.4	994.6	753.0
SPAIN			
Madrid SE	closed	102.29	83.71
SWEDEN			
J & P	1506.16	1492.47	899.06
SWITZERLAND			
Swiss Bank Ind	384.50	388.50	301.70
WORLD	Jan 6	Prev	Yr ago
Capital Int'l	187.10	186.20	159.80

GOLD (per ounce)

	Jan 5	Prev
London	$366.875	$375.125
Frankfurt	$364.51	$365.25
Zürich	$365.75	$375.25
Paris (fixing)	$365.33	$376.15
Luxembourg (fixing)	$364.50	$374.50
New York (Jan)	$365.90	$367.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 9	U.S. DOLLAR Previous	STERLING Jan 9	STERLING Previous
$	–	–	1.4005	1.4070
DM	2.8285	2.8100	3.9650	3.9550
Yen	233.30	232.65	327	327.50
FFr	8.6375	8.5725	12.09	12.0575
SwFr	2.2510	2.2390	3.1550	3.1525
Guilder	3.1750	3.1500	4.4475	4.4350
Lira	1714	1700.50	2400	2392
BFr	57.68	57.19	80.75	80.45
C$	1.252250	1.249250	1.7535	1.7575

INTEREST RATES

Euro-currencies (offered rate)	Jan 9	Prev
£	8½	8½
SwFr	3⅞	3¾
DM	6 1/16	5 15/16
FFr	13 9/16	13⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9 15/16
6-month U.S.$	10 3/16	10⅛
U.S. Fed Funds	9½*	9⅝*
U.S. 3-month CDs	9.5*	9.5
U.S. 3-month T-bills	8.69*	8.9

U.S BONDS

Treasury		Jan 9 Price	Jan 9 Yield	Prev Price	Prev Yield
10⅞	1985	100 5/32	10.70	100 5/32	10.70
11¾	1991	100 7/32	11.70	100 7/32	11.70
11.75	1993	99 29/32	11.76	99 29/32	11.76
12	2015	101 7/32	11.85	101 7/32	11.85

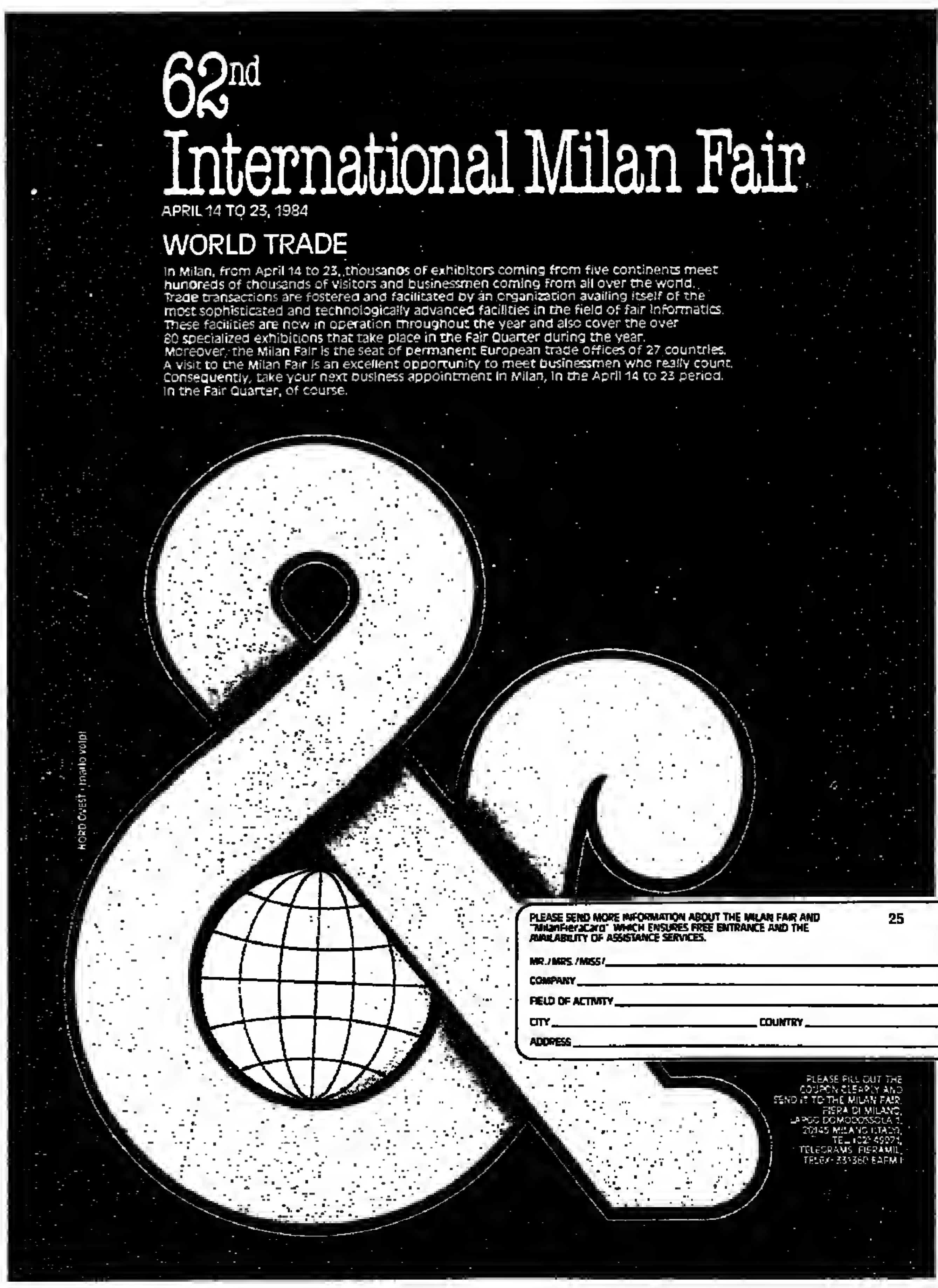
Corporate	Jan 9* Price	Jan 9* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	93¼	11.90	93¼	11.90
3⅞ July 1990	67.812	10.95	67.812	10.95
8⅜ May 2000	75⅛	12.30	75⅛	12.30
Xerox				
10⅞ March 1993	92¼	12.05	92¼	12.05
Diamond Shamrock				
10⅞ May 1993	91⅞	12.20	81⅞	12.20
Federated Dept Stores				
10⅞ May 2013	85¾	12.45	85¾	12.45
Abbot Lab				
11.90 Feb 2013	94.90	12.45	94.90	12.45
Alcoa				
12¼ Dec 2012	95½	12.85	94.724	12.95

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	70–11	70–16	70–00	70–12
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.84	90.88	90.79	90.86
Certificates of Deposit (IMM) $1m points of 100%				
March	90.14	90.18	90.05	90.13
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89.95	89.95	89.90	89.95
20-year Notional Gilt £50,000 32nds of 100%				
March	110–17	110–20	109–26	110–05

COMMODITIES

(London)	Jan. 9	Prev
Silver (spot fixing)	565.30	597.75p
Copper (cash)	£997.00	£1020.00
Coffee (Jan)	£1999.00	£1986.90
Oil (spot Arabian light)	$28.52	$28.57



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18	8⅝	AAR	.44	2.5	22	121	18	17¾	17¾	-¼
52⅞	30½	ACF	1.40	3.0	23	120	46½	46¼	46¼	+½
22	18¼	AMCA	n			18	21½	21¼	21¼	-½
18⅞	14⅛	AMF	.50	6.2		264	18	15⅞	15⅞	-¼
39⅝	18½	AMFCp			17	2368	u39¾	38⅜	38½	-⅛
19⅝	16⅞	AMR	pf2.18	11.		12	19¼	19⅛	19⅛	
40½	24⅞	AMR	pf2.13	5.4		z145	39¼	38⅞	39½	+⅞
16¼	3⅞	APL			20	29	14⅛	13⅞	13⅞	-¼
55¼	33¼	ARA	2.05	3.9	12	80	52¾	51	52¼	+¼
79⅝	50¼	ASA	3a	5.8		805	52⅞	51¼	51¼	-1¼
33⅛	14⅛	AVX	s .32	1.1	43	42	28⅞	28¼	28½	-⅛
53⅛	36⅛	AbtLab	1	2.1	16	x1114	47½	46¼	47¼	-½
30⅝	23¼	AccoW	n .60	2.0	22	176	29¼	29	29¼	
27½	17⅛	AcmeC	.40	1.6		123	25¼	24⅞	25¼	+¼
14⅛	7¾	AcmeE	.32b	2.9	44	81	11	10⅞	10⅞	
24⅞	8⅞	AdmDg	.04	.2	15	49	19⅛	18⅞	19	+⅛
18⅞	15	AdaEx	1.73e	9.6		105	18	17¾	18	+¼
19⅞	7⅞	AdmMl	.24	1.4	6	45	17⅞	17⅞	17⅞	
18⅞	9¼	Advest	.12	.9	8	127	14⅛	13⅞	13⅞	-⅝
38⅞	13⅞	AMD	s		62	5452	u37½	35⅞	36½	+½
24⅞	13⅞	Aerflx	s		17	53	16⅞	16⅞	16⅞	-½
43½	32⅞	AetnLf	2.64	7.2	8	1340	37⅛	36⅜	36⅜	-¼
65	55¼	AetL	pf5.09e	8.9		700	57½	57¼	57¼	-¼
40½	22½	Ahmns	1.20	3.6	8	592	33⅞	33¼	33⅜	-¼
7⅞	3	Aileen				139	5¼	5⅛	5⅛	
51	37¾	AirPrd	1	2.2	13	531	45⅞	44⅞	45¼	-¼
30⅝	18¼	AirbFrt	.60	2.1	23	118	28¼	27¾	28	+¼
2⅞	1¼	AlMoa	s		22	84	2¼	2¼	2¼	
33½	29⅝	AlaP	pfA3.92	13.		12	30¼	30¼	30¼	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
4¼	2½	AICPh				6	3¼	3	3¼	+¼
5⅞	1¾	ATI				20	2⅛	2	2	−⅛
12⅞	2¼	AcmePr			33	20	5⅛	5½	5⅛	+⅛
19½	12¼	AcmU	a .32	2.1	17	7	15⅜	15¼	15¼	−⅛
14⅛	4½	Action	s		10	285	14⅛	13⅞	14¼	−⅛
12	6⅞	Actons	.11	1.3	25	129	7¾	7½	7½	+⅛
6½	1½	Acto	wt			59	3⅜	3	3⅜	+⅜
6	1⅞	AdmRs				195	3½	3⅜	3⅜	
30⅞	21⅞	AdRusl	s .10	.4	15	340	24½	23¼	23¼	−¼
28⅞	15	Adobe	.24	1.2	13	68	20	19½	19⅝	−⅛
5⅞	2⅞	AegisCp			13	109	4	3¾	3⅞	
7	4	Aeronca			8	53	5¼	5⅜	5⅜	
32½	17⅞	AfflHsp	.36	1.4	11	2	24⅝	24⅝	24⅝	−¼
48	25¾	AlliPb	s .64	1.6	16	37	40⅞	40¼	40⅜	+⅛
17½	6⅞	AltSix	.06e	.5	9	8	12⅜	12½	12⅜	+⅛
15½	5⅞	AirExp				13	7	6⅞	7	+⅛
6⅞	4	Alamc	n		9	43	4⅞	4⅞	4⅞	−⅛
23⅞	6⅞	Albalw	.15e	1.1	9	15	13⅞	13½	13⅝	+⅛
12¼	4¼	AlnTr	s			12	4⅞	4¼	4⅞	−⅛
10½	5⅞	AlphaA	.48r	6.7		1	7⅛	7⅛	7⅛	
28⅝	16¾	Alphain	.05	.2	30	68	22½	21⅞	22¼	+⅛
2⅞	1¼	Altex				148	1½	1⅜	1½	
11-16	1-16	Altex	wt			23	⅛	⅛	⅛	−1-16
37	28¼	Alcoa	pf3.75	11.		z100	33½	33½	33½	+½
32½	14¾	AlzaCp				393	19¼	18¼	18⅞	
29⅞	15	Amdhl	s .20	1.0	30	1036	19⅝	19⅛	19¼	
25⅞	7½	Amedco	.08	.5	60	84	17	16⅛	16½	−⅛
7½	3⅞	AmBlt	.15	2.8	18	12	5⅞	5⅜	5¼	
8⅞	2	AmCap			10	6153	8¼	8⅛	8½	+⅛
39	28⅞	AContrl	.80e	2.4	10	1	33⅞	33⅞	33⅞	−⅛

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
41¼	28¼	TodShp	1.32	3.9	7	159	34⅝	33⅞	34⅛	+⅛
29⅞	14½	Tokhm	.54	2.0	18	136	27½	26½	26¾	−¼
22⅞	17¼	ToEdis	2.52	14	5	210	18½	18⅜	18¼	+⅛
28¼	22¼	ToEd	pf3.47	14		32	25	24¼	25	+¼
34½	27⅞	ToEd	pf4.28	14		18	30½	29¾	30½	+¼
20	15¾	ToEd	pf2.36	14		3	17	17	17	
16⅞	14⅛	ToEd	pf2.21	14		17	16⅛	15¾	16⅛	+⅛
25⅞	17½	Tonka	.40	1.6		19	25¼	24½	24½	−½
19⅞	13¼	TootRol	.40b	2.2	10	1	17⅞	17⅞	17⅞	
45	25½	Trchmk	1.60	3.7	8	272	43⅞	43⅛	43⅛	−½
12¼	0	ToroCo				150	12	11¾	11⅞	

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

EUROPE

Continued from Page 23

"Belles Americaines" – French companies with high earnings in the U.S. and with results which rise sharply in franc terms because of the dollar

Amsterdam staged a small recovery from Friday's weaker level which had been *in reaction to the rises earlier last* week.

Declines in the ANP-CBS General index, down 0.5 to 165.6, and in the internationals index, which shed 1 to 174.1, were attributed to Royal Dutch's weighting in the indiceo.

A consolidation phase emerged in Zurich with profit-taking in recently sought blue chip issues contributing to an easier tone.

Chemicals and foods lost ground after recent gains while engineerings were also mostly lower.

Milan was also mixed with declines in some blue chips contrasting with wide advances by leading banking issues which found heavy demand for the third straight session.

In **Stockholm**, shares were higher after an active start to the week, ahead of today's budget.

AMERICAN

Continued from Page 25

NEW YORK

Continued from Page 25

CANADA

DENMARK

Jan. 9	Price Knr %	+ or —
Aarhus Clie.	488	—12
Andelsbanken	356	—5
Baltica Skand.	850	—10
CopHandelsbank	341	—9
D. Sukkerfab	793	—3
Danske Bank	374	—5
East Asiatic	197	—2
Forende Bryng.	1,240	—10
Forende Damp.	194	
GNT Hldg.	857	—18
I.S.S.B.	725	
Jyske Bank	738	
Novo Ind	3,105	
Privatbanken	364	—5
Provinsbanken	365	—5
Smidth (Fl.)	295	—5
Sophus Berend.	1,230	
Superfos	317	—4

FRANCE

Jan. 9	Price Frs.	+ or —
Emprunt 4½% 1973	1,830	—10
Emprunt 7% 1973	9,511	—19
CNE 3%	3,288	+17
Air Liquide	560	+9
BIC	418sc	+1
Bouygues	735	+14
BSN Gervais	3,010	+5
CIT-Alcatel	1,430	—15
Carrefour	1,445	+25
Club Mediter'n	813	+21
CFAO	391	+6
Cie Bancaire	427	—2.9
Cofimeg	217	+9
Creusot Loire	49	+1
Darty	836	+15
Dumez	890	
Eaux (Cie Gen)	590	+3
Elf-Aquitaine	184.8	+1.3
Gen. Occidental	678	
Imetal	83.9	+1.4
Lafarge Coppee	308	—6
L'oreal	2,362	—38
Legrand	2,070	+100
Maisons Phenix	349	+2
Matra	1,390	+1
Michelin B	972	+51

NETHERLANDS

Jan. 9	Price Fls.	+ or —
ACF Holding	204	—1
Aegon	133	+2.5
Ahold	216	—3.0
AKZO	105.1	
ABN	397.0	+1.5
AMEV	105	
AMRO	70.2	+0.7
Bredero Cert	217	—2
Boskalis Westm.	48.2	—0.4
Buhrmann-Tet.	64.5	
Caland Hldgs.	36	—0.5
Credit Lyon'is Bk	61.1	—0.4
Elsevier-NDU nv	520	—1
Gist-Brocades	372	+0.5
Heineken	137	—0.3
Hoogovens	54	+1
Hunter Douglas	24.9	
Int-Muller	35.7	+0.3
KLM	207.3	+2.3
Naarden Intl.	46.3	—1.5
Nat Ned Cert	221.5	+0
Ned. Credit Bank	39.8	
Ned Mid Bank	153	+1
Nedlloyd	117.0	—2.4
Oce Grinten	255	—3
Ommeren (Van)	51.6	+0.0
Pakhoed	62	+1
Philips	50	+0.3
Rijn-Schelde	3.2	+0.1
Robeco	349.5	+3.3
Rodamco	130.1	
Rolinco	333.8	+3.3
Rorento	201.8	+0.7
Royal Dutch	146.9	—1.1
Unilever	269.3	+0.3
VMF Stork	120	+5
VHU	381	+12
West Utr Bank	130.5	+8

NORWAY

Jan. 9	Price Kroner	+ or —
Bergens Bank	159	+6
Borregaard	217.5	
Christiania Bk.	160	+5
Den Norsk Credit	164	+3
Elkem	141	+5
Norsk Data	292	+0
Norsk Hydro	516	+3.0
Storebrand	190	+4

SPAIN

Jan. 5	Price Pts%	+ or —
Bco Bilbao	202	
Bco Central	278	+4
Bco Exterior	193	
Bco Hispano	209	+2
Bco Santander	267	
Bco Vizcaya	314	
Dragados	323.0	+1.0
Hidrola	41.7	—0.0
Iberduero	40.5	+0.3
Petroleos	102	+2
Telefonica	70	+2

SWEDEN

Jan. 9	Price Kronor	+ or —
AGA	360	
Alfa-Laval	280	+5
ASEA (Free)	420	
Astra (Free)	580	+30
Atlas Copco	125	+2
Boliden	387	—1
Cardo	410	+20
Cellulosa (Free)	178	+4
Electrolux B	257	+1
Ericsson	402	+7
Esselte (Free)	285	—2
Mo Och Domsjo	445	+12
Pharmacia (Free)	350	+22
Saab-Skania	311	+2
Sandvik B (Free)	320	
Skandia	440	
Skan Enskilda	324	+4
SKF B	175	+8
St. Kopparberg	780	+15
Sven Handelsbn.	221	+2
Swedish Match	282	+2
Volvo B (Free)	445	+12

SWITZERLAND

Jan. 9	Price Frs.	+ or —
Alusuisse	928	—7
Bank Leu	4,510	+30
Brown Boveri	1,426	—60
Ciba-Geigy	2,310	—50
do. (Part Certs)	1,935	—20
Credit Suisse	2,385	—10
Elektrowatt	2,810	—20
Fischer (Geo.)	726	+16
Genevoise	3,840	—60
Hoff-RochePtCts	98,250	—1,500
Hoff-Roche 1/10	10,825	—150
Jacobs Suchard	6,500	—50
Jelmoli	1,925	—15
Landis & Gyr	1,600	
Nestle	5,100	—25
Oer-Buehrle	1,440	
Pirelli	260	+3
Sandoz (Br)	7,325	—20
Sandoz (PtCts)	1,170	—20
Schindler (PtCts)	470	—5
Swissair	980	
Swiss Bank	340	
Swiss Reinsce	8,275	—75
Swiss Volksbk	1,015	+5
Union Bank	3,030	—20
Winterthur	8,270	—10
Zurich Ins	19,900	—100

JAPAN

Jan. 9	Price Yen	+ or —
Ajinomoto	1,130	
Alps Electric	2,450	—50
Amada	1,060	—20
Asahi Chem	446	—10
Asahi Glass	710	
Bridgeston	642	
Canon	1,610	—20
Casio Comp.	1,410	—20
Chugai Pharm	1,020	—20
Citizen	665	—10
Daiei	655	
Dai Nippon Ptg	910	+2
Daiwa House	518	+13
Ebara	370	—16
Eisai	1,580	+80
Fanuc	30,800	—300
Fuji Bank	615	+10
Fuji Film	2,050	
Fujisawa	907	+1
Fujitsu	1,320	—10
Green Cross	1,560	
Hasegawa	437	+13
Heiwa Real Est.	630	+25
Hitachi	825	—7
Hitachi Credit	1,580	+10
Honda	1,110	
House Food	847	—7
Hoya	1,640	—30
Itoh (C)	325	—8
Ito-Yokado	2,110	—80
Iwatsu	2,080	—50
JACCS	366	—9
JAL	3,000	—190
Jusco	694	+35
Kajima	823	+2
Kao Soap	722	—11
Kashiyama	730	
Kirin	528	+1
Kokuyo	910	
Komatsu	541	—4

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK Indices

**Saturday January 7: Japan Nikkei-Dow 9,982.45. TES 743.17.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders fail to maintain early euphoria but index closes 5.7 up at 800

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 12	Dec 22	Dec 29	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Swept higher with the rising tide of confidence currently pushing international markets to record levels, London equities opened on a euphoric note yesterday. A welter of favourable Press views of the world economic situation coupled with a host of delayed New Year tips for almost every sector of UK industry also encouraged investors. Leading shares rose very quickly and the FT Industrial Ordinary share index soon achieved another milestone, breaking through 800 to stand 7.6 up at 801.9 at the first calculation.

The UK investment institutions, however, were less enthusiastic after having placed sizeable funds towards the end of the previous week. Most were reluctant to pay the enhanced prices and because of this values began drifting back from the highest levels. Little selling or profit-taking developed but market thoughts turned to the spectacular events in speculative Irish Oils.

Favourite issues here were hit heavily by a wave of selling, part of which probably represented forced liquidation, touched off by adverse Irish newspaper comment. Settlement of past debts — yesterday was Account Day — was not thought to be a factor. All popular stocks recovered well from the lowest and this tended to settle equity markets generally; the latter appeared to be seeking reassurance of the optimistic tone from the New York centre. This opened a shade indecisively but subsequently attempted to break into new higher ground. London followed and the FT 30-share index after being only 2.6 higher at noon closed the session a net 5.7 at 800.

The persistent interest for Press-inspired tips, which continued throughout the day, was an encouraging influence. Many constituents of the 30-share were recommended and this enabled the measurement to sustain its rise. Numerous penny stocks achieved strong gains and the trend away from leading industrials was indeed impressive. Illustrating the broader pattern, the 750-share FT-Actuaries index moved up 0.6 per cent to a best-ever 486.76.

Midland Bank rally

The exchange rate's early fall to its lowest-ever mark against the dollar discouraged investment in Government stocks. Dealers defensively marked down longer-dated quotations by ½ but renewed light demand soon brought a recovery. In the wake of sterling's later rally, investors showed more heart and Gilt-edged stocks went higher, the longs finally settling around ½ up on the day.

Midland Bank's denial that it intended to acquire the outstanding 43 per cent of Crocker National Bank of California not already owned helped the shares recover and the close was 15 higher at 395p. Other major clearing banks fluctuated narrowly before closing virtually unchanged. Merchant Banks, speculatively supported last week on takeover hopes, encountered profit-taking and **Hill Samuel** gave up 15 at 335p. **Kleinwort**, 425p, and **Mercury Securities**, 525p, shed 5 apiece.

The undertone in Insurances remained firm with sentiment helped by the latest disclosures of increased life business due to Miras. **Pearl** were in demand and rose 15 to *840p*, while *Sun Life* improved 7 to 625p. Press comment prompted a gain of 16 to 474p in **Britannic**. Among Lloyds brokers, **Hogg Robinson** firmed 4 to 141p awaiting today's half-timer. **Minet** also added 4 at 153p.

DIY products supplier **Welpac** staged a successful debut in the Unlisted Securities Market; placed at 10p, the shares opened at 16p and attracted a relatively lively two-way business before settling at 16½p, after 17½p.

Leading Breweries continued to make modest progress. **Arthur Guinness**, reportedly the subject of a widespread re-rating by brokers in front of next Tuesday's annual results, rose 4 to 124p. **Whitbread** hardened a penny to 136p; the company has purchased an £18m assets package from **Lonrho** which includes the 325-strong Ashe and Nephew off-licence chain. Lonrho eased a penny to 113p. Marked up at the outset, regionals encountered buying at the higher levels and **Greene King** closed 8 dearer at 170p. Elsewhere, suggestions of a possible bid from Hanson Trust served to escalate takeover speculation in **Distillers**, 5 better at 269p.

Leading Buildings, good initially, eased back in the absence of follow-through support to close a shade easier in places. **London Brick** touched 136p before settling a net penny off at 132p, while **Blue Circle** closed without alteration at 425p, after 428p. **Tarmac** softened a couple of pence to 444p and **RMC** lost the turn to 392p. Elsewhere, **Watts Blake Bearne** gained 6 to 168p on the announcement that Ceramic Holdings had increased its stake in the company to 5.08 per cent, while **Phoenix Timber** jumped 16 to 112p following Press comment. *Renewed demand in restricted markets lifted* **Newarthill** 20 to 615p and **George Dew** 7 to 100p, but profit-taking clipped 8 from recently-firm **Henderson Group**, at 187p.

ICI edged up to 656p on currency influences before drifting back to close unchanged on balance at 650p.

Empire good late

Last Friday's flurry of institutional support, leading Retailers retired to the sideline and secondary counters returned to the centre of the stage. Mail-order house **Empire** provided a late feature in rising 16 to 88p following details of a proposed £3.7m share placing to two private Italian retail concerns, Gecos and Selefin. **Freemans**, 96p, and **Grattan**, 74p, both added 2 in sympathy. Country buying lifted **Tern-Consulate** 6 to 40p, while similar rises were noted in **Peters**, 94p, and **Stead and Simpson A**, 102p. A newsletter recommendation stimulated "call" option business in **Tranwood**, which gained the turn to 9½p.

Weekend *comment* on **Harris Queensway's** moves to acquire a stake in **Stylo** prompted increased speculative demand for the latter which advanced to 290p before settling a net 27 to *the good at 275p*; HQ, which purchased a 5.1 per cent holding at around 175½p per share on Friday, eased a couple of pence to 322p. **Strong and Fisher** remained volatile and eased to 134p on sporadic profit-taking before rallying to close only 5 cheaper on balance at 139p.

Many leading Electricals ran out of steam after an initial mark-up and closed below the best. *GEC, with the aid of* several investment recommendations, however, ended at the day's best with a gain of 8 at 196p. **Thorn EMI**, awaiting Friday's half-year figures, edged up 4 to 672p. Revived demand lifted **AB Electronic** 50 to 440p, while other outstanding movements were recorded in **CASE**, 40 higher at 465p, and **Weber Electro Components**, 25 up at 258p. **Electronic Machine**, a poor market of late, rallied 4 to 46p, while favourable Press mention left **Resource Technology** 5 to the good at 173p, after 180p.

Engineers were featured by numerous gains in response to New Year tips. **Spencer Clark** were outstanding at 39p, up 7, while others to respond with gains of around 3 included **Porter Chadburn**, 84p, **Westland**, 166p, **Davy Corporation**, 57p, and **Lake and Elliot**, 38p. **F. H. Tompkins** replied to the interim results with a rise of a couple of pence at 66p. **Hopkinsons** encountered support at 105p, up 5, while buying on yield considerations prompted a rise of 4 to 70p in **GEI**.

Business in Foods contracted, but *the undertone remained firm* and selected issues improved. **Associated British Foods** attracted fresh demand and firmed 6 to 156p, while Press comment lifted **Tate and Lyle** 9 to 402p. An investment recommendation helped **Ranks Hovis McDougall** gain the turn to 82p. Elsewhere, **A. C. Barr** rose 12 to 225p following better-than-expected annual results, while **Needlers** put on 8 to 68p on revived takeover hopes. **Barrow Milling** rose 5 to 32p.

Cape Inds. Fall

Cape Industries, down 11 at 107p, were unsettled by a weekend Press suggestion that the company is heading for a battle with the U.S. Government over payment of compensation damages to American asbestos victims. In contrast, **Bespack** met demand ahead of the interim figures due shortly and rose 18 to 320p, while a burst of speculative activity left **Somic** 15 to the good at 45p. Gains in response to New Year investment recommendations included **Polly Peck**, 2 higher at 29p, **Stocklake**, 18 up at 188p, **Burndene**, 7 dearer at 16½p, and **Bath and Portland**, 5 better at 151p. News *of the Dutch laundry* acquisition prompted occasional buying of **Initial** which improved 7 to 417p. Other noteworthy gains were recorded in **BET**, 8 dearer at 370p, and **Bodycote**, a similar amount higher at 63p. **J. Billam**, the recent subject of bid speculation, encountered profit-taking and gave up 4 to 56p. The Miscellaneous Industrial leaders opened higher, but drifted back in places to close with mixed movements. **Bowater** were again actively traded and moved between extremes of 272p and 264p before settling 5 off on the day at 265p. Helped by Press mention, **Metal Box** ended 4 dearer at 316p, but **BOC** closed 6 cheaper at 285p. Elsewhere, **Bellair** fell away to £10¾ before recovering to close a point down at £11¼ following a denial of a report that the Wasskon holding in the company had changed hands.

Takeover favourite **Trident TV "A"** met with fresh speculative support and put on 6½ to 142p, while **Management Agency and Music** revived with a gain of 7 to 105p. By contrast, **Black and Edgington** gave up 6 at 96p.

Automotive Products advanced 9 to 47p in a lively trade following the announcement of a long-term contract to supply clutches and drum brakes to the Italian state-owned vehicle manufacturer Fiat. Elsewhere in Components, **Dunlop** revived with a gain of 4 at 44p.

Properties resumed their recent strong advance initially, but later eased as sellers appeared. **Land Securities** ended 2 off at 283p and **MEPC** a penny cheaper at 282p. Selected secondary issues sometimes held early gains, **Lynton**, a restricted market, rising 10 to 280p and **Rush and Tompkins** firming 6 to 212p. Buyers were still around *for* **Trafford Park Estates** which added 4 to 156p, while asset injection hopes helped **Five Oaks** to improve 2 to 35p.

A report, later denied, that Wasskon had disposed of its holding in Bellair, resulted in nervous selling of **Harold Ingram** which dipped to 310p, before settling a net 40 lower at 313p. In contrast, other Textiles generally displayed modest gains. **Courtaulds**, a New Year tip, rose 5 to 130p, while similar rises were evident in **Sirdar**, 126p, **Leeds**, 118p, and **SEET**, 92p. **A. J. Worthington** added 3 to 45p on the interim statement *and Richards closed a couple of* pence better at 25p following the preliminary profits recovery.

Stockjobbers **Akroyd and Smithers** advanced 17 to 465p following the announcement of a joint *international* equity venture with leading brokers **Rowe and Pitman**. It was simultaneously revealed that mining finance giant **Charter Consolidated** is to take a 29.9 per cent stake *in* Rowe and Pitman; Charter eased a few pence to 232p.

Irish oils depressed

Leading Oils closed with widespread, *although generally minor* losses, but the sector's recent favourites, the Irish exploration issues, encountered a welter of selling pressure following reports of adverse comment in the Irish Press. **Atlantic** slumped to 450p at one point before rallying to close a net 135 off at 520p, while **Eglinton** were finally 25 cheaper on balance at 365p, after 350p, and **Aran** 8 lower at 66p, after 61p. **Bula** lost 5 at 29p and **Bryson Oil and Gas** 15 at 235p.

Candecca rose 7 to 202p, boosted by the firm performance of Trafalgar House, but **Bristol Oil and Minerals** eased 2½ to 52p, after 57p. **Hadson Petroleum** dropped 6 to 66p following the disappointing drilling result announced by its Egyptian subsidiary. **BP** reacted to 400p but recovered to close only 2 off on *balance at 403p ahead of to*morrow's 235p call on the new shares; a drilling report on the company's initial well in the South China Sea is also expected in the next couple of days.

Among Australian oils, **Bridge Oil** rose 8 to a 1983-84 high of 220p following favourable Press comment and news of the takeover bid for **Project Oil**; the latter jumped 20 to 48p.

Overseas Traders again featured **Inchcape** which advanced 13 more to 316p with sentiment still underpinned by persistent takeover rumours.

The latest surge in the commodity price at the weekly London auction, where quality grades rose by around 45p per kilo, triggered further sharp gains among Teas. **McLeod** *Russel improved 10 to 230p*, while **Lawrie** closed 25 better at 765p. **James Finlay**, 5 up at 138p, and **Mitchell Cotts**, 3 dearer at 48½p, were additionally buoyed by favourable comment.

De Beers weak

South African sectors of mining markets began the week in disarray with Golds falling sharply to their lowest levels since late-November last year. **De Beers**, a strong market in recent weeks, came under sustained selling pressure from Johannesburg and fell from an enhanced early 542p slumped to close a net 16 lower at 522p following disappointment with the 1983 diamond sales figure. **Anamint** were similarly depressed and dipped a point to £63, while **Anglo American Corporation** fell ½ to £11½.

Golds were heavily sold from the outset as bullion remained under sustained pressure prior to closing a further $8.25 down at $366.875—its lowest closing level since August 1982.

The initial batch of quarterly reports from the gold mines—those of the Gold Fields group—failed to arouse any substantial enthusiasm in the market.

Losses among the leading Golds ranged up to £5, as in **Randfontein**, £91¾, while falls of around £2 were common to **Hartebeest**, £46½, **Kloof**, £27¼ and **Western Deep**, £33. In the cheaper-priced issues, **Deelkraal** *fell 16 to 243p*.

Gold Fields met with persistent selling and gave up 17 to 493p, reflecting its gold interests and to a lesser extent the marked weakness in copper prices on the London Metal Exchange. **Rio Tinto-Zinc** rose 5 to 632p.

Overall gains in Australians generally reflected currency movements, interest in London remaining at a low level, despite renewed strength in overnight domestic markets.

The leading diversified issues were firmer across the board, especially **Renison**, a strong market of late, which advanced a further 10 to 280p; the deferred shares added 15 at 270p.

Elsewhere, recent strength in Zinc values on the LME prompted renewed demand for Ireland's **Tara Exploration**, which added £1½ more at £10½, while Johannesburg interest lifted **Consolidated Murchison** a further 50 to 825p.

A host of New Year recommendations for the underlying securities stimulated another *lively business among Traded Options*. Total contracts amounted to 3,411, which compares with last week's four-day average of 2,620. GEC were particularly active with 767 calls *transacted*, 220 of which were struck in the April 220's, 2 better at 6p. Courtaulds recorded 367 calls, while a useful two-way business developed in Lonrho positions which attracted 226 calls and 117 puts. The shake-out in South African Golds prompted sharp gains among Vaal Reefs puts with the February 120's 5 up at $22½, and the 130's 5½ better at $32.

FINANCIAL TIMES STOCK INDICES

	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 30	year ago
Government Secs	83.77	83.64	83.48	83.18	83.10	83.12	79.85
Fixed Interest	87.23	87.14	86.71	86.46	86.35	86.41	81.83
Industrial Ord.	800.0	794.3	783.6	770.3	771.8	776.7	613.7
Gold Mines	629.6	667.1	662.4	663.9	678.6	675.7	619.5
Ord. Div. Yield	4.45	4.48	4.03	4.61	4.61	4.58	4.88
Earnings, Yld.% (full)	9.09	9.15	9.27	9.43	9.42	9.37	10.52
P/E Ratio (net) (*)	13.41	13.32	13.13	12.92	12.95	13.01	11.40
Total bargains	99,034	20,854	20,237	17,726	15,768	17,014	18,100
Equity turnover £m.	—	373.54	326.71	206.63	130.83	156.31	217.94
Equity bargains	—	23,728	20,623	17,863	15,140	16,418	24,103
Shares traded (ml)	—	225.8	193.9	135.3	83.9	100.2	138.3

10 am 801.9. 11 am 797.7. Noon 798.9. 1 pm 797.3. 2 pm 797.7. 3 pm 798.4.

Basis 100 Govt. Secs. 8/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 12.60.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.23 (5/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	800.0 (9/1/84)	598.4 (13/1/83)	800.0 (9/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 6	Jan. 5
—Daily Gilt Edged Bargains	176.8	162.9
Equities Bargains	155.7	134.1
Value	705.0	660.4
5-day Average Gilt-Edged Bargains	143.1	127.2
Equities Bargains	121.5	107.1
Value	482.3	425.4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	77	2	23
Corps. Dom. & Foreign Bonds	31	9	38
Industrials	466	209	727
Financial & Props.	256	42	222
Oils	32	32	54
Plantations	12	—	8
Mines	20	88	61
Others	84	37	64
Totals	978	419	1,196

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Jan 9 1984

FIXED INTEREST

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$350	21	21.50	—	—	—	—	$366
GOLD C	$375	06	6	66	12	12	32	"
GOLD C	$400	47	3	7	12	28	16.90	"
GOLD C	$425	—	—	22	6	24	11	"
GOLD C	$450	10	0.00	95	3.60	—	—	"
GOLD P	$350	13	2.40	12	6	2	7	"
GOLD P	$375	64	11	17	14.50	4	15	"
GOLD P	$400	72	33.60	17	34	—	—	"
		March		June		Sep.		
SILV C	$ 8	20	0.50	52	0.80	—	—	$7.81
SILV C	$ 9	69	0.25	111	0.40	44	0.70	"
SILV C	$10	26	0.05	15	0.26	17	0.45	"
SILV C	$11	53	0.05	2	0.10	—	—	"
SILV C	$12	19	0.02	5	0.10	—	—	"
SILV P	$ 8	6	0.30	3	0.50	4	0.80 a	"
SILV P	$ 9	2	1.40	0	1.00	—	—	"
SILV P	$10	4	2.40	2	2.45	—	—	"
SILV P	$11	3	3.40	—	—	—	—	"
		Jan.		April		July		
ABN C	F.420	10	1.80	191	11.80	—	—	F.397.50
AKZO C	F.80	252	25.50	37	27	10	27.50	F.105.10

TOTAL VOLUME IN CONTRACTS: 30,257

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 9	Jan 20	April 2	April 16
Jan 23	Feb 3	April 26	May 8
Feb 6	Feb 17	May 10	May 21

For rate indications see end of Share Information Service

NEW HIGHS AND LOWS FOR 1983/84

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.
B.P. (*403)	360	43	—	—	2
	390	18	22	38	3
	420	4	16	27	25
	460	1	8	12	62
Cons. Gold (*494)	460	48	68	77	3
	500	12	40	60	20
	550	5	25	32	62
	600	1	10	—	110
	650	1	5	—	160
Courtaulds (*129)	78	54	—	—	1
	86	44	—	—	1

Jan. 9. Total Contracts 3,411. Calls 2,525. Puts 886. * Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or -	Yield Int.
101¼	99½	Exch. 11¼pc 1984	100⅛	.....	11.24
104⅜	100⅝	Exchequer 14pc. 1984.	101	-	13.78
97	92½	Exch. 3pc 1984	97	+	3.07
102	100	Treasury 12pc 1984	101	.....	11.81
107	104	Treasury 15pc 1985	105	.....	14.28
107	101	Exch. 12pc Cnv. '85	102½	+	11.72
94	88⅝	Treasury 3pc 1985	94	.....	3.19
102½	99⅜	Treasury 11½pc 1985	102¼xd	.....	11.25
102	95	Treas 8¾pcCnv '85	98⅝	+⅛	8.87
103¾	100⅛	Exch. 12¼pc 1985	103¼	.....	11.86
102⅞	99	Exch. 11¼pc '86	102½	-	11.47
102¾	97¼	Treas 10pc Cnv 1986	102	+½	9.78
89⅝	85⅝	Treasury 3pc 1986	89	.....	3.37
101	97	Exch. 10½pc Cv '86	101⅛	+⅛	10.35
103	100	Treasury 12pc '86	103	.....	11.65
98¾	94½	Treasury 8¼pc '84-86‡‡	98¼xd	+⅛	8.65
114	103¾	Treas. 12¼pc '86 Cnv	111¼	+¼	11.01
109	105	Exch. 14pc 1986	107	+	12.98
85	84½	Exch 2½pc 1986 ●	85	+	2.92
107¾	103⅝	Exch. 13¼pc 1987	106xd	.....	12.43
100	95⅞	Treas 10¼pc Cnv '87	99⅞xd	+	10.26
84	80¼	Exchequer 2½pc 1987	84	+	2.97
100	95⅞	Exch. 10½pc 1987	99⅞	+⅛	10.51
93¾	88⅝	Funding 6½pc '85-87‡‡	91	+	7.00
98	96	Treas 10pc 1987	98	.....	10.17
86	80¼	Treasury 3pc 1987	83xd	+	3.60
104⅝	99⅞	Treas 12pc 1987	103¾	.....	11.57
93½	89⅝	Treasury 7¾pc '85-88‡‡	93½xd	+	8.28
101½	95½	Exch 10½pc '88	99⅞	+	10.52
98⅝	95	Treas 9¼pc Conv '88.	97⅞	+	9.96
81½	75¼	Transport 3pc '78-88	81½	+⅛	3.68

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

LOANS—continued

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]								

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	16	–½	—	—	—
52	32	Allstate Expln NL	32	...	—	—	—
10½	3¾	♥Assa Oil & Mins.	4½		—	—	—
40	9	♥Australis Mng. NL	25	–1	—	—	—
25	11	Balmoral Resources	16	..	—	—	—
60	32	♥Black Hill Mins.	32	–1	—	—	—
94	51	♥Bond Corp	98	+5	Q10c	[illegible]	[illegible]
183	116	♥Bougainville 1Kin0	173	+3	[illegible]	1.2	[illegible]
396	204	♥CRA 50c	366	+2	[illegible]	—	[illegible]
145	60	♥Carr Boyd 20c	74		—	—	—
44	35	♥Central Kalgoorlie	35		—	—	—
43	18	♥Central Pacific	24	+1	—	—	—
9	2¾	♥Cons. Gold Mng Areas	[illegible]	[illegible]	—	—	—
17	5	♥Cropers Res N.L.	[illegible]	[illegible]	—	—	—
255	183	♥Crusader Oil	205	+3	—	—	—
20	8	♥Cultus Pac NL	15½	..	—	—	—
19	7	♥Eagle Corp 10c	[illegible]	–½	—	—	—
[illegible]							

Tins

[illegible]

Miscellaneous

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]							
90	34	♥Anglo-Dominion	72	–1	—	—	—
93	50	♥Anglo Utd. Dev.	53	+2	—	—	—
400	180	♥Centennial Mines	295	+8	—	—	—
175	60	♥Colby Res Corp	160	–15	—	—	—
825	315	Cons. Murch. 10c.	825	+50	100c	♦	7.4
£17½	£10½	Eastern Trans Con 50c	£15xd	–1½	085c	4.9	2.8
240	170	Hampton Areas 10p	210xd	–1	3.75	2.1	2.4
213	103	♥Highwood Res	175	..	—	—	—
£24½	£17½	Homestake Mining $1	£20½	–½	Q20c	—	0.7
495	275	Northgate C$1	340		—	—	—
672	437	R.T.Z.	632	+5	117.0	2.9	3.8
£147½	£108	Do 9¾%Cv.Ln.'95-2000	£135½	–½	Q9¾%	32.5	17.0
190	13	♥Sabina Inds C$1	72	–3	—	—	—
£10¼	112	♥Tara Expln $1	£10¼	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv. 20p	72	...	Fin. 13% 97/02	£96	...
Bdg'wtr. Est. 50p	328	..	Alliance Gas	75	...
Craig & Rose £1	900	..	Arnott	210	–3
Finlay Pkg. 5p	40	..	Carroll (P.J.)	106xd	...
Higsons Brew	85	....	Concrete Prods.	92	+2
Holt (Jos.) 25p	890	....	Hall (R. & H.)	58	+1
I.O.M. Stm. £1	127	...	Heiton (Hldgs.)	17	...
			Irish Ropes	40	...
IRISH			Jacob	65	+5
Exch. 12% 1985	£99		T.M.G.	85	...
Nat. 9¾% 84/89	£85½xd	+½	Unidare	77	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	13
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	23	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lots"	1	Peachey	17
Bowaters	27	London Brick	10	Samuel Props	12
Brit. Aerospace	19	Lucas Inds.	36	Sterling Guar.	4
B.A.T.	14	"Mams"	13		
Brown (J.)	1	Mrks. & Spncr	20	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min.	6
Cadburys	11	N.E.I.	10	Brit. Petroleum	35
Courtaulds	12	Nat. West Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	20	Premier	5
Dunlop	5	Racal Elect.	18	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	19	Ultramar	60
Gen. Accident	42	Reed Intnl.	34		
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	14	**Mines**	
Grand Met	30	Tesco	16	Charter Cons.	22
G.U.S. 'A'	55	Thorn EMI	55	Cons. Gold	50
Guardian	45	Trusthouse	16	Lonrho	8
G.K.N.	16	Turner & Newall	9	Rio T. Zinc	58
Hawker Sidd.	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Accum Jan 4	735.2	782.3	.....	1.30
Beckman Jan 4	140.5	146.6	.....	—
Can 9 For Jan 5	79.9	85.5	.....	2.05
Accum Jan 5	81.4	87.1	.....	2.05

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.†	56.1	60.4	.....	7.19
Income*	79.2	86.5	.....	5.34
Capital Inc.$	88.9	95.5	.....	2.06
Do. Acc.$	111.7	120.1	.....	2.06
Exempt‡	190.0	205.0	.....	4.40
Intl. Recovery Inc.$	38.0	40.9	.....	2.07
Do. Acc.$	49.4	53.2	.....	2.07

Dealing *Tues. $Wed. †Thur. Prices Jan 4/5/6.

Canadian Trust	75.1	80.8	+0.9	0.95
Mid Mount High Inc.*	54.3	56.5	.....	7.47
Recovery	90.7	97.6	+0.5	1.27
Gilt Trust	40.3	44.7	+0.2	9.41

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4, Melville Cres., Edinburgh 3. 031-226 3492

Cres. American	69.8	75.3	+1.1	1.13
Cres. Capital	46.9	50.6	+0.6	1.73
Cres. Growth & Inc.	80.4	87.0	+0.4	4.74
Cres. High. Dist.	64.6	69.7	+0.4	7.17
Cres. International	134.2	144.9	+1.8	0.95
Cres. Resources	27.5	29.6	.. .	2.03
Cres. Tokyo	93.8	101.3	+1.2	0.25

Financial Accum.	132.3	139.1	+0.5	—
Do. Initial	127.6	134.4	+0.5	—
"500" Accum.	121.5	127.9	+0.7	—
Do. Initial	117.2	123.4	+0.7	—
Greatr. Pac. Accum.	171.6	180.7	−0.8	—
Do. Initial	164.6	173.3	−0.7	—
Income Accum.	126.2	132.9	+1.0	—
Do. Initial	121.6	128.0	+1.0	—
Universal Tec. Acc.	102.1	107.4	+0.8	—
Do. Initial	101.4	106.8	+0.8	—
Man. Pens. Accum.	254.9	268.4	.....	—
Do. Initial	209.4	220.5	.....	—
Gilt-Edg.Pens. Accum.	219.9	231.5	.....	—
Do. Initial	171.7	[illegible]	.....	—
Money Pens. Accum.	190.7	[illegible]	.....	—
Do. Initial	152.5	[illegible]	.....	—

INSURANCES

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311

Pension Funds

EqPenFdAc	641.0	674.7	+3.3	—
Euro Fd Ac	98.0	103.1	+0.2	—
FixedPenAc	130.0	152.5	+0.5	—
GtMnDnAc	251.9	365.1	+0.2	—
IntlManFd	283.5	297.6	+3.1	—
Jap Pen Fd	138.3	145.6	−0.4	—
AmPenFdAc	138.0	145.2	+1.4	—
PropPenAc	230.4	242.5	+0.1	—
MultiPnAc	544.9	573.6	+3.3	—

Capital Life Assurance
24 Ludgate Hill, EC4P 4BD.

Key Inv Fd	—	125.84	....	—
PacNMarineFd	—	123.4	....	—
Equity Fd	105.91	111.48	....	—
Fxd Int Fd	103.29	106.73	....	—
Property Fd	99.08	104.29	....	—
Cash Fd	99.08	104.39	....	—
Mnd Fd	106.65	113.24	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnnAcJa7	—	152.19	....	—
VarAnnAnJn13	—	33.53	....	—

Prime Series—Life

Managed	131.9	138.0	+0.5	—
UK Equity	134.3	141.6	+1.9	—
Int Equity	132.4	139.4	−0.1	—
Property	103.2	108.7	....	—
Fixed Int	113.0	119.0	+0.4	—
Index Lk Gt	90.5	95.3	....	—
Cash	100.1	105.4	+0.1	—

Prime Series—Pensions

Managed	95.0	100.0	....	—
UK Equity	95.0	100.0	....	—
International	95.0	100.0	....	—
Property	95.0	100.0	....	—
Fixed Int	95.0	100.0	....	—
Index Lk Gt	95.0	100.0	....	—
Cash	95.0	100.9	....	—

Continental Life Assurance PLC
64 High St Croydon CR9 9XN 01-690 5225

Equity Acc	100.8	177.7	....	—
Propty Acc	157.5	195.6	....	—
Int Acc	154.0	103.2	....	—
Mnaged Acc	165.6	174.4	....	—
Spec Sits	122.1	126.0	....	—
Pen Int Acc	145.4	153.1	....	—
Pen Prp Acc	174.3	163.4	....	—
Pens Equity	195.2	205.5	....	—
Pen Mg Acc	166.1	174.9	....	—

Gilt Deposit, Index Fund prices available on request.

Friends' Provident Life Office
Pixham End, Dorking (0306) 665055

Life Funds

Cash Accum	98.4	103.5	....	—
UK Eq Acc	115.5	131.0	+0.8	—
FixedIntAcc	104.0	109.5	+0.2	—
IndxLkdAcc	92.0	97.7	....	—
Mixed Acc	108.3	114.0	+0.4	—
O'seas Eq Fd	133.0	114.4	+9.2	—
Property Acc	90.5	104.6	....	—

Pension Funds

Cash Cap	96.3	103.5	....	—
Cash Acc	100.6	105.9	....	—
UK Eq Cap	109.9	115.7	+1.0	—
UK Eq Acc	112.4	116.4	+1.1	—
FixedIntCap	102.6	108.1	+0.2	—
FixedIntAcc	104.9	110.5	+0.2	—
IndexLkdCap	90.6	93.4	−6.1	—

Offshore & Overseas—continued

State St Bank Equity Hldgs NV
Car Mgt Co, 9 John B Gorsiraweg, Curacao.
Net asset value Jan 4 $9.33.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St.
NAVNT 3416. IDR Value US$10,335.40.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72936

Mgd Cur Fd	98.9	104.3	+0.3	—

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.

T-G N Amer	$22.10	....	—
T-G Money	$21.97	....	—
T-G Eurobond	$15.58	....	—
T-G Commodity	$32.27	....	—
T-G Mortgage	C$20.38	....	—
T-G Overseas	$12.37	....	—
T-G Pacific	Y2.130	....	—
T-G Wall St	$25.75	....	—
T-G Gold	$9.28	....	—

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231417

S&MIvT	$11.00	17.51xd	....

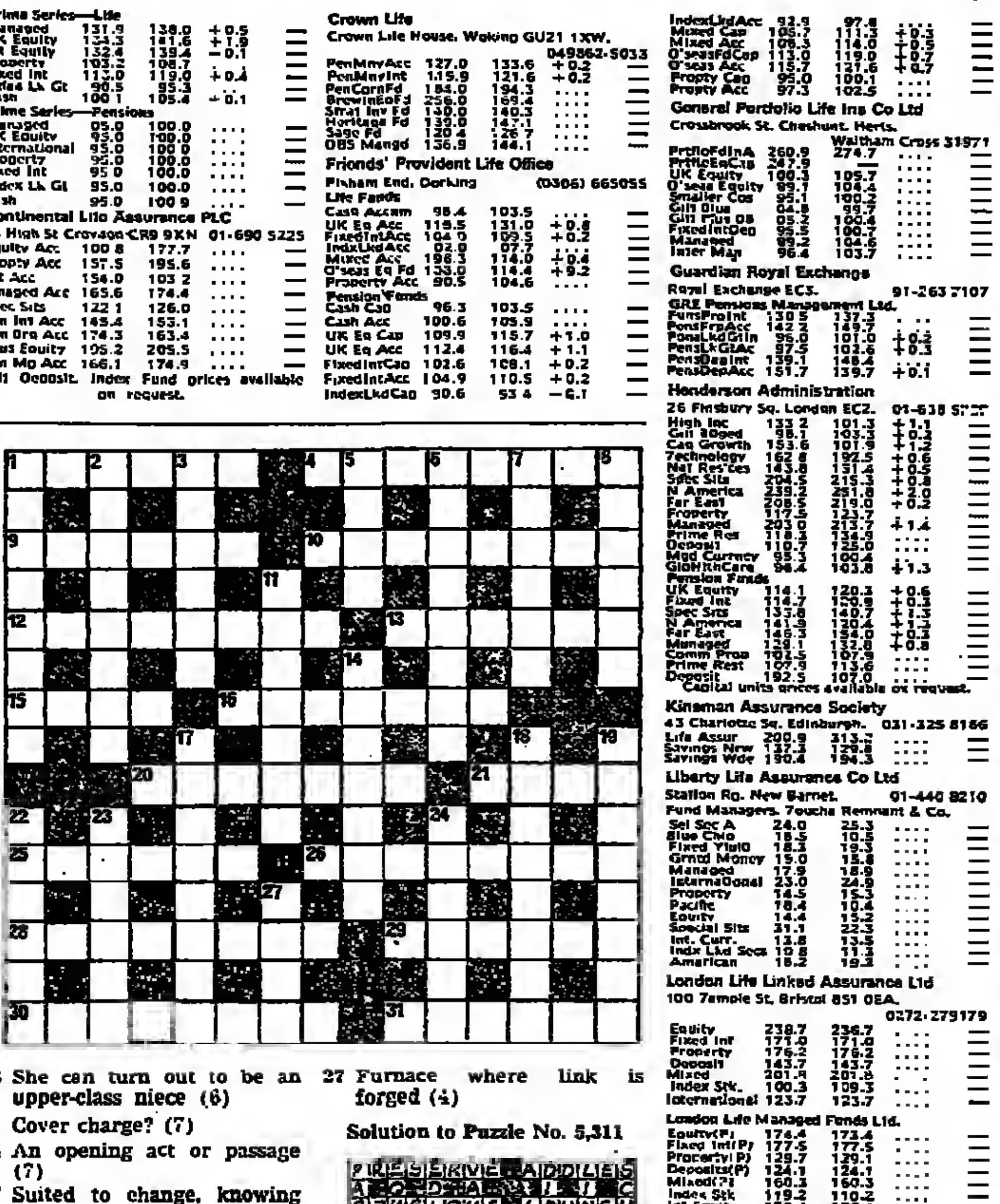
Money Market Trust Funds

Nom APR Int cr Notice

Mallinhall Ltd
38 Berkeley Sq, W1X 9DA. 01-499 6634

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,312



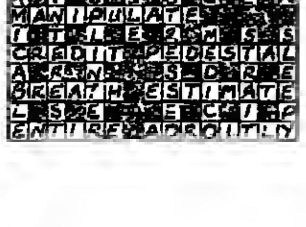
ACROSS

1 German doctor returns in a cab (6)
4 It's used extensively by bandsmen (8)
9 Look for a piano in a school (6)
10 Check the breakwater (8)
12 Rare lily found broken in the chaff (8)
13 Distressing twitch about to irritate (6)
15 Sediment of port, perhaps (4)
16 I'm holding a number said to be corrupt (7)
20 Water at the mouth (7)
21 Engine-mad? (4)
25 Throw out uneven and inferior material (6)
26 Massenet composition produces no excitement (8)
28 In distribution of income the company is thrifty (8)
29 It's quickly torn out in the Post Office (6)
30 Attempt to get smart at the meeting (8)
31 Flicker of an electric light? (6)

DOWN

1 Getting capital support, he trades in a new way (4-4)
2 Union celebrations (8)
3 Give firm backing to a system of worship that's mystical (6)
5 Dance and swim (4)
6 Stuff for which a friend has a hide-out turned over (8)
7 Royal house that is divided internally, naturally (6)
8 She can turn out to be an upper-class niece (6)
11 Cover charge? (7)
14 An opening act or passage (7)
17 Suited to change, knowing what it's like (4,2,2)
18 It's tied up with romance (4,4)
19 No doubt it was used in bygone days (8)
22 Maintain a lock up (6)
23 Not a man of substance, presumably (6)
24 Wild herb we found in Israel (6)
27 Furnace where link is forged (4)

Solution to Puzzle No. 5,311



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		243.19	...	—
Managed Inv Fd	164.78	173.46	...	—
Property Fd	152.16	160.17		—
Fixed Interest Fd.	148.30	156.11	...	—
Cash Fd.	137.47	144.71	...	—
Income Fd	181.54	191.10	..	—
Extra Income Fd.	174.41	183.59	...	—
Worldwide Growth Fd.	233.27	245.55	...	—
Balanced Fd.	183.11	192.75	...	—
Smlr Co's & Recv. Fd	210.19	221.26	...	—
Int. Technology Fd	269.08	283.25	...	—
Nth. Amer. & Gen. Fd.	162.45	171.00	...	—
Energy Int. Fd.	108.48	114.19		—
Pacific Basin Fund	149.98	157.88	...	—

British National Life Assurance Co. Ltd.
Narlands Rd, Haywards Heath. 0444 414111

Managed	117.4	124.6	...	—
Property	120.8	127.1	...	—
Equity	121.6	128.0	...	—
International	131.3	138.2	...	—
Fixed Interest	104.7	110.2	...	—
Deposit	100.4	105.7	...	—
Managed Pen. Cap.	118.2	124.4	...	—
Property Pens. Cap.	122.9	129.4	...	—
Equity Pens. Cap.	116.6	122.8	...	—
Intnl. Pens. Cap.	136.7	143.9	...	—
Fixed Int. Pens. Cap.	101.5	106.8	...	—
Deposit Pens. Cap.	97.8	103.0	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29		97.4	...	—
Rtmt. Fed. Jan. 6		280.3	...	—
Managed Pen Fund	187.7	197.5	...	—
Property Pen Fund	115.5	121.6	...	—
Index Lnkd Pen Fund	112.0	117.9	...	—
Managed	127.6	134.4	+0.6	—
Property	106.1	111.7	...	—
Gilt and Fixed Interest	109.7	115.5	+0.3	—
Index-Linked	97.6	102.7	+0.1	—
Equity	127.2	133.9	+0.6	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	127.9	134.7	-0.4	—
GT Pln High Yld Fnd.	129.2	136.0	..	—
GT Plan Far East Fnd	130.2	137.1	..	—
GT Plan N. Am FD	146.6	154.4	...	—
GT Pln UK&G.E. Fnd	145.3	153.0	...	—
GT Pln Wrldwde Fnd.	149.3	157.2	...	—
GT Pension Bnd Fnd.	140.7	148.2	+0.6	—
GT Pen High Yld FD	147.5	155.3	...	—
GT Pen Far East Fd	161.1	169.6	...	—
GT Pen N. Am. Fd.	215.2	226.6	...	—
GT Pen UK & G.E. Fd.	167.8	176.7	...	—
GT Pen Worldwide Fd.	160.6	169.1	...	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	170.2	179.2	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		251.0	...	—
Portfolio Fd. Init.		213.6	...	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	280.2	295.3	...	—
Money Fd	156.7	164.9	...	—
Equity Fd.	237.5	250.3	...	—
Fixed Int. Fd.	119.6	126.0	...	—
Property Fd	174.2	183.6	...	—
Managed Pen. Fd.	262.2	276.3	...	—
Equity Pension Fd.	184.4	194.3	...	—
Fixed Int. Pen. Fd.	167.5	176.5	...	—
High Yield Pen. Fd.	165.3	174.2	...	—
Money Pension Fd.	130.0	136.8	...	—
Property Pension Fd.	128.5	135.4	...	—
Gresham/Framlington				
American & Gen. Fd.	260.0	274.6	+2.7	—
Income Fd	196.8	207.4	+1.6	—

OFFSHORE AND OVERSEAS

Wardley Bond Trust	$10.24	10.90	.	8.61
Wardley Japan Trust	$30.87	32.62		0.46

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£1.15	1.20	..	2.50
US $ Option	$1.04	1.09	.	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$12.84	.	—

Inv Adv M & S. Inv. Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM 0624 25015

Wren Com. Fund	21.9	22.8		—
Chinese Fund	66.4	69.1	.	—
Precious Metal Fund.	115.7	120.5	...	—
Vanguard Cmdy. Fd.	34.1	35.0	...	—
Financial Futures Fd	63.6	66.2		—
Wren Intl. Fnd.*	$0.526	0.547		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ⊘ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rate of NAV increase

COMMODITIES AND AGRICULTURE

'Abysmal' year for UK pig farmers

By Richard Mooney

BRITISH PIG farmers had their worst year on record in 1983, according to a report from Cambridge University's Agricultural Economics unit.*

Of the 144 herds monitored under the unit's pig management scheme, more than 70 per cent were running at a loss, even before allowing for interest charges, and 15 per cent had decided to pull out of pig production.

In a foreword to the report, Mr I. M. Sturgess, the unit's director, says "abysmal margins" on pig production last year highlighted the disadvantageous position of British pig producers.

"Unlike producers of beef and sheepmeat, pig farmers in the European Community receive no support beyond the control of imports.

"In addition, special arrangements in the UK for support of sheepmeat and beef production by deficiency payments make competition with pig producers for the consumer's 'meat pound' even more intense."

In the year to September 30, farmers in the scheme had to spend an average £105.70 to produce £100 worth of output. The resulting negative margin of £5.70 compares with a positive margin of £9.70 in the previous year.

The *feeding-only* herds did better, with an average positive margin of £1.46, but breeding herds lost £10.44 on every £100 worth of weaners they sold.

With finished pig prices falling by 7½ per cent, compared with 1982, and feed prices rising by a similar percentage even the 20 most profitable farms in the sample averaged only a very modest positive margin of £3.94.

* *Pig Management Scheme Results for 1983. Price £2, from Agricultural Economics Unit, Department of Land Economy, 19 Silver Street, Cambridge CB3 9EP.*

Zinc producers drop output reduction plan

BY PAUL CHEESERIGHT IN BRUSSELS

STRONG MARKET prices have led the six major EEC zinc producers to abandon plans for a concerted reduction in output, backed by an agreement not to install fresh capacity, the European Commission said yesterday.

The producers, since the beginning of last year, have been able to raise their prices from $750 to $980 a tonne and a further increase is imminent following the rise last week in U.S. domestic producer prices.

The companies involved in the production cutback plan were Australian Mining and Smelting, Billiton, Metallgesellschaft, Penarroya, Preussag and Union Miniere.

The European Commission, which polices the EEC's competition rules, would have been prepared to give the zinc producers an exemption from the blanket ban on joint actions (cartels) which restrain trade, had the market remained slack and over-production clearly evident.

However, in the second half of last year prices began to improve and producers put back from July to November the deadline for agreeing which plants should be closed. The French and Belgian governments strongly opposed any job losses from smelter closures and in October it was announced that the Avonmouth smelter in Britain—a prime candidate for closure — would continue in operation following a successful cutback in production costs and the labour force.

It had been made clear to the producers that the Commission would not have sanctioned the agreement against the background of a rising market and hence an improvement in the financial position of the companies.

Had the plan been pursued about 150,000 tonnes of capacity, some 10 per cent of the total, would have been closed. It would have been largely self financing, with the social costs of plant closures being met from a fund established by the producers themselves.

Our Commodities Editor writes: Zinc values fell back on the London Metal Exchange yesterday from the 9½-year peak levels reached last week. The cash price closed £6.5 down at £659 a tonne.

However, the decline was nothing to do with the abandonment of the EEC cutback plan, which had been considered to be a "dead duck" for some time. Profit-taking sales, after the recent upsurge, were encouraged by the easier trend in precious metals and copper, as well as a lower than expected decline in LME warehouse stocks of zinc.

Stocks of zinc fell by only 1,100 tonnes to 95,600 tonnes, confounding rumours last week of large shipments out threatening a "squeeze" on immediately available supplies.

Copper stocks did fall sharply by 2,425 to 433,250 tonnes. But the market was depressed by the decline in gold and the move by U.S. copper producers to lower their domestic selling prices by 2 cents to a range of 66.50-66 cents a pound.

Aluminium prices lost ground, following a modest decline in stocks, down by 1,025 to 233,400 tonnes. Tin holdings fell too by 455 to 42,295 tonnes, but prices were boosted mainly by the decline in sterling bringing further support from the buffer stock of the International Tin Council.

Lead was hit by a big rise in stocks, up by 4,875 to 176,575 tonnes. Nickel stocks also rose by 396 to 27,936 tonnes, and LME silver holdings increased by 660,000 to 46,084,000 ounces.

● Alcan Aluminium's negotiations with its Quebec unions are on schedule and progressing normally, the company said.

Union negotiators, representing 7,000 Alcan workers in Quebec, have returned to the bargaining table after a brief holiday recess.

Under Quebec law, the unions would not be able to strike before next month, though their contracts expired on December 31. They represent workers at all Alcan's Quebec plants except the new 171,000-tonne a year smelter at Grande Baie.

Provisional start for jute agreement

By Anthony McDermott in Geneva

THE International Agreement on Jute and Jute Products came into force provisionally yesterday when 23 of the world's leading exporters and importers opened in Dhaka, Bangladesh.

The provisional agreement was negotiated in Geneva in October 1982 and by the end of last year, Bangladesh, India, Thailand, Nepal and China, which between them account for 99 per cent of the world's exports, had joined the agreement.

Only 18 importing countries, between them accounting for 41 per cent of net imports, have joined and the agreement cannot come fully into force until at least 20 leading importers, representing 65 per cent of net world imports, have joined.

This was the first meeting of the International Jute Council, the main organ of the International Jute Organisation, and it is expected to last until January 13. Mr A. K. Dutt of India was appointed executive director.

The agreement aims to provide an international framework for efforts to improve structural conditions in the jute market and enhance the competitiveness of jute and jute products, especially against synthetics. There are no price stabilisation measures in the agreement.

The council will be responsible for drawing up and implementating research and development projects, market promotion and cost production.

The council will consider three possible sources of finance: the second account of Unctad's common fund for commodities; regional and international financial institutions such as the UN Development Programme and the World Bank; and voluntary contributions.

Cocoa price continues to slide downwards

By Our Commodities Staff

COCOA PRICES fell heavily yesterday on the London futures market as doubts grew about prospects for a large production deficit this season. The May position ended the day £68.50 down at £1,865.50 a tonne taking the fall from last week's five-year peak to £165.50 a tonne.

Drought and fire damage to West African crops had been forecast to result in world cocoa supplies being 120,000 to 180,000 tonnes below consumption but many traders now believe the situation is not quite that serious and that the recent £600 upsurge had been overdone.

● FLORIDA — Governor Mr Robert Graham estimated the freeze damage to all Florida crops at $500m (£352m), with citrus crops accounting for most of this. Last month's freeze was one of the worst in Florida's history and the long-term damage to citrus trees is still not known. Industry sources say the cold snap destroyed 30 to 40 per cent of the crop.

● INDIA'S autumn foodgrains crop, consisting largely of rice, is expected to be more than 84m tonnes. Crop target was 83m tonnes.

● SUGAR production in Poland this year will hit 1.95m tonnes, an increase of 100,000 tonnes on last year's record harvest. Cukropol, the Polish sugar producers, say 200,000 tonnes will be exported to pay for meat imports.

● BRITAIN'S tapioca imports continued to fall dramatically, with only 614 tonnes registered in November, compared with 5,019 in October and 24,612 tonnes in November 1982.

● MEXICO'S 1983-84 cotton production to July will rise 25 per cent from the previous year's 830,000 bales, producers say.

Commodities turnover up

By Richard Mooney

BUSINESS WAS booming on London's commodity markets last year. Total turnover in soft commodities was up 30 per cent from 1982 at 4.52m lots—thanks largely to a 113 per cent rise in cocoa to 1.34m lots—and all the London Metal Exchange's contracts registered volume rises.

The value of sterling contracts traded on the soft markets soared 90 per cent to £38.63bn while turnover value in U.S. dollar contracts was up 20 per cent at $24.19bn, figures published by the International Commodities Clearing House show.

The biggest decline in trading activity was in the soyabean oil market, where only 2,999 lots were traded against 10,649 in 1982. But the biggest disappointment was the gas oil market which was 3.7 per cent down in volume and 15.6 per cent down in value at $14.9bn.

The only other volume declines were in the robusta coffee and rubber contracts, but both were up in value terms.

Raisin costs halved to woo buyers

BY JOHN EDWARDS, COMMODITIES EDITOR

CALIFORNIAN raisin growers are to cut their returns drastically over the next two years in an effort to regain lost sales to the UK and other EEC markets.

The Californian Advisory Raisin Board announced yesterday in London that it is to spend more than £3m in the UK (and $7.5m in the EEC altogether) this year and next on a big advertising and promotion campaign.

But the major cost involved in the export drive to Europe will be borne by Californian growers, who have agreed to sell their raisins for export to processors at only $600 a tonne, compared with a normal price of nearly $1,300.

It is estimated this will cost the growers something like $75m in lost revenue. A further $25m will be spent on domestic and export promotion, including $5m from the U.S. Government to assist sales in overseas markets.

For the first time, it is believed, the U.S. Government is contributing directly to the advertising of branded products in export markets, although the main thrust of the campaign in Europe will be generic promotion.

An important part of the campaign is that supplies will be maintained whatever happens to the weather in California. Four crop disasters during the past 10 years have hit exports badly but California claims that the introduction of new machinery can rescue the bulk of crops previously hit by rain damage.

At the same time, the Californain Advisory Board, backed by the growers, is guaranteeing that prices will be competitive. Mr Frank Light, chairman of the export marketing committee, said that Californian sales of raisins to the EEC had been severely hit by Greece's entry into the Community, bringing artificially low prices, with the help of subsidies.

For the next two years at least, California hopes to close the wide gap significantly and rely on quality and advertising to make its product attractive to buyers.

It hopes to double sales this year to some 6,000 tonnes compared with the low point of 3,000 tonnes in 1983.

The decision by Californian growers to accept much lower prices reflects the build up of huge surplus supplies following increased plantings in recent years and the inroads of imported wine into the U.S. which has forced growers to switch their grapes from wine making into raisins.

The U.S. is understood to have won an appeal to GATT (General Agreement on Trade and Tariffs) condemning EEC subsidies on Greek sultanas and will hold informal talks with the Community on the subject in Geneva tomorrow. Meanwhile, U.S. wine producers are pressing for action to restrain cut-price imports, notably from Italy.

India likely to lift tea ban

INDIA is likely to lift its ban on the export of CTC (cut, tear and curl) tea by about March, Mr Nandkishore Daga, president of the Tea Association of India, predicted yesterday.

He added that the recent dramatic rise in tea prices is probably temporary and that prices should start falling again by March or April when plucking of the new crop is underway.

The ban was designed to meet a domestic shortage which he expected would be short-lived because of rising production in India.

Meanwhile, the Indian Government has announced a reduction in excise duty and a £31m plan to improve production of Darjeeling tea by developing 23,465 acres of plantations in the Himalayan foothills.

Darjeeling yield has improved only marginally in the past decade, partly because of the failure of owners to follow regeneration rules.

About 80 per cent of Darjeeling is exported.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 9 1984	+ or —	Month ago
Metals			
Aluminium	£1100††	.....	£1050
Free Mkt	$1570/1600	—10	$1580/610
Copper			
Cash h grade	£997	—23	£1005.6
3 mths	£1021.25	—23.5	£1051.25
Cash Cathode	£982.25	—18.75	£988.6
3 mths	£1006.75	—19.75	£1014.25
Gold troy oz	$366.875	—8.26	$381.675
Lead Cash	£288	—6.25	£281.75
3 mths	£297.75	—8	£291.875
Nickel	£4813	.....	£4646.34
Free Mkt	208/228c	.....	205/225c
Palladium oz	$146.75	—9.5	$167.75
Platinum oz	£269.50	—6.30	£280.40
Quicksilver†	$505/510	.....	$505/515
Silver troy oz	565.30p	—32.45	660.30p
3 mths	578.10p	—32.85	674.50p
Tin cash	£8637.5	+72.6	£8698
3 months	£8805.6	+65	£8840.5
Tungsten	$73.43	.....	$76.08
Wolfr'm 22.04lb	$72/73	+1	$68/72
Zinc Cash	£669	—6.6	£596.0
3 mths	£664.75	—6.75	£811.75
Producers	$980	.....	$950

	Jan. 9 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1080y	.....	$996
Groundnut	‡	.....	‡
Linseed Crude	‡	.....	‡
Palm Malayan	$800w	+41	$705
Seeds			
Copra Phil	$710y	.....	$650
Soyabean (U.S.)	$314.25	—8.36	$313
Grains			
Barley Fut. Mar	£193.05	—0.50	£124.20
Maize	£147.50	.....	£146.00
Wheat Fut. Mar	£121.00	—0.86	£123.85
No 2 Hard Wint	‡	.....	‡
Other commodities			
Cocoa ship't*	£1948	—71	£1875
Fut. May	£1865.6	—68.6	£1814.8
Coffee Ft. Mar	£1998.6	+19.5	£1977.5
Cotton A.Index	87.95c	.....	89.50c
Gas Oil. Feb	$247.6	+1.5	$244.25
Rubber (kilo)	86p	+1	84p
Sugar (Raw)	$134y	—0.0	£138
Wooltops 64s	‡	.....	411p kilo

‡ Unquoted. w Feb. z March. v Feb-Mar. y Jan-Feb. † Per 75-lb flask. * Ghana cocoa. n Nominal. c Cents per pound. †† British Alcan producer price since Dec 22.

LONDON OIL

Gas oil attracted buying early in the day after opening a shade steadier, but selling quickly followed to reflect the physical market, which has been affected by the strong dollar. Prices remained in a narrow range for most of the day, unimpressed by strength in New York.

Crude oil was a shade steadier in thin volume, reports Premier Man.

Turnover: 1,653 lots of 100 tonnes.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.95	+0.20	—
Mar	28.60	+2.05	28.66-28.56
Apr	28.30	+2.02	28.35-28.21
May	28.19	+0.06	—
June	97.99	—0.16	—
July	07.02	—0.13	—

Turnover: 27 (59) lots 1,000 barrels.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.85	—0.05
Iranian Light	27.50-27.75	—0.05
Arab Heavy	26.05-26.66	+0.05
North Sea (Forties)	28.00-28.26	—
North Sea (Brent)	28.10-28.45	—0.05
African Bonny Li'ht	28.15-00.60	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	256-261	—1.0
Gas oil	247-256	—2.0
Heavy fuel oil	175-178	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	248.50	+0.25	250.00-248.5
Feb	247.50	+1.50	247.75-246.0
Mar	242.75	+1.25	242.75-241.5
April	058.75	+2.25	238.75-237.2
May	234.50	+3.00	234.50-233.5
June	233.50	+0.15	233.75-233.2
July	232.75	—0.75	233.00-232.7
Aug	236.00	+1.00	—
Sept	936.50	+3.50	—

GOLD MARKETS

Gold fell $8¼ an ounce from Friday's close in the London bullion market yesterday to finish at $366¾-367¼, its lowest closing level since August 1982. The metal opened at $365¼-366 and fell to a low of $363¼-364 before recovering to finish at its best level of the day. Trading was a little subdued after the initial markdown with the opening of U.S. markets generating little fresh interest.

In Paris the 12½ kilo bar was fixed at FFr 101,600 per kilo ($365.33 per ounce) in the afternoon compared with FFr 101,500 ($364.51 per ounce) against DM 33,900 ($375.73) and closed at $365-365¼ from $375-375¼.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $364.50 from $374.50.

In Zurich gold finished at $365¼-366 from $375-375¼.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Jan	364.10-88.80	—8.90	—

BRITISH COMMODITY PRICES

BASE METALS

Base-metal prices lost ground on the London Metal Exchange following the decline in gold and silver prices. Copper dropped to a day's low of £1017 by the close while Zinc fell to £666.5 following a much smaller than expected decline in LME warehouse stocks. The easier trend in sterling and trade and buffer stock support buying prompted a firmer performance by Tin which rose to £8805 on the late kerb. Weak copper unsettled Aluminium, finally £1138 but Nickel moved ahead to £3227.5 in response to the trend in currencies.

COPPER

Amalgamated Metal Trading reported that in the morning cash higher grade traded at Cash £995.50; three months £1,021, 21.50, 20.50, 20, 18, 19.50, 20, 19.50. Standard Cathodes: Cash £979, 79.50; three months £1,003, 03.50, 04.00. Kerb: Higher grade: Three months £1,020, 18.50, 18. Afternoon: Higher grade: Three months £1,023, 23.50, 23, 2.50, 21.50, 21. Cathodes: Cash £982; three months £1,006. Kerb: Higher grade: Three months £1,022.50, 23, 22.50, 22, 21.50, 21, 20.50. Turnover: 27,525 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	996-.6	—23.2	926.5-7.5	—23
3 months	1016-20	—24.2	1021-.0	—23.5
Settlem't	996	—23	—	—
Cathodes				
Cash	979.50-8	—20.2	982-.6	—18.7
3 months	1003.5-4	—21	1005.5-6	—19.7
Settlem't	980	—21	—	—
U.S. prod	—	—	*69-72	.....

TIN

Tin—Morning: Standard: Cash £8,635; three months £8,795, 8,806, 07, 09, 06, 05. High Grade: Cash £8,690, 95, three months £8,810, 25. Kerb: Standard: months £298.50, 98, 98.25, 98.50, 98, dard: Cash £8,635; three months £8,805. High grade: Three months £8,825. Kerb: Standard: Three months £8,808. Turnover: 1,945 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8690-0	+17.5	8687-90	+41
3 months	8820-5	+32	8825-8	+48
Settlem't	8685	+15	—	—
Standard				
Cash	8635-40	+45	8635-40	+72.5
3 months	8805-6	+43	8805-6	+55
Settlem't	8640	+45	—	—
Straits E.	$29.16	—	—	—
New York				

LEAD

Lead—Morning: Cash £290, 90.50; three months £300, 299.50, 98.50. Kerb: Three months £299.00. Afternoon: Three months £298, 98.50, 99. Turnover: 9,725 97.50. Kerb: Three months £298, 98.50, 99. Turnover: 9,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	290-.6	—2.5	287.5-8.5	—6.25
3 months	299-.0	—3.12	807.5-8	—6
Settlem't	290.5-2.6	—8.5	.....	.....
U.S. Spot	—	.....	*24-28	.....

ZINC

SILVER

Silver was fixed 32.45p an ounce lower for spot delivery in the London bullion market yesterday at 565.3p. U.S. cent equivalents of the fixing levels were: spot 790c, down 51.3c; three-month 809c, down 52.4c; six-months 829.8c, down 54.5c; and 12-month 873.6c, down 57.8c. The metal opened at 564-567p (786-790c) and *closed at 568½-569½p (793-797c)*.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	565.30p	—32.4	570p	—18.0
3 months	578.10p	—32.8	582.5p	—19.0
6 months	598.05p	—34.3	—	—
12 months	621.10p	—36.5	—	—

LME — Silver (2,000 oz contract) — Three months 582.5p (601.5p). Turnover nil (nil).

Turnover: 136 (89) lots of 10,000 ozs. Morning: Large three months 578.0, 80.0, 75.0, 76.0, 76.8. Kerb: large three months 576.0. Afternoon: large three months 582.0, 81.0, 80.0, 83.50, 83.0. Kerb: large three months 582.0, 81.0, 79.0.

COCOA

A weak opening, which quickly passed through limit-down, set the tone and, in mixed trading, futures lost and gained ground before finally ending the day near the lows. At these lower levels there was renewed consumer offtake. Producers, however, declined to follow the trend and remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1877-78	—80.6	1920-76
May	1865-66	—68.6	1905-68
July	1845-47	—64.6	1888-46
Sept	1825-29	—63.0	1856-26
Dec	1802-05	—61.5	1827-01
March	1785-89	—60.5	1810-90
May	1780-96	—57.5	1770

Sales: 10,469 (8,789) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound): Daily price for Jan 9: 115.27 (120.14); five-day average for Jan 10: 121.51 (124.01).

COFFEE

Sharply lower sterling produced fresh support in light volume during a steadier opening, reports Drexel Burnham Lambert. However, trade and dealer selling erased initial gains as New York opened easier and sterling made a recovery.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1998-00	+11.0	2006-90
March	1998-99	+16.0	2005-81
May	1916-17	+3.5	1926-03
July	1865-67	—1.5	1875-66
Sept	1834-36	+1.6	1840-30
Nov	1805-07	.....	1813-05
January	1770-70	+14.0	1775

Sales: 1,844 (3,901) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Jan 6: Comp. daily 1979 136.81 (136.87); 15-day average 138.72 (139.09).

GRAINS

LONDON GRAINS—Wheat: U.S. dark ...

March 123.40-3.00, May 124.65-4.00, Sept 108.25-8.20, Nov 111.25-1.20. Sales: 114 lots of 100 tonnes.

POTATOES

The market opened easier, found support at £153.50 basis April and steadied to £154.50 by lunch. Afternoon trade started slightly steadier and with nervous buying April reached £161.50 before prices eased towards the close, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	139.70	137.50	141.00-138.2
April	158.50	158.72	161.50-155.5
May	169.20	166.80	171.00-165.6
Nov	76.50	78.00	—
Feb	86.50	86.00	—

Sales: 964 (1,205) lots of 40 tonnes.

RUBBER

The London physical market opened steadier, attracted little interest throughout the day and closed uncertain, reports Lewis and Peat. The Kuala Lumpur January fob price for RSS No 1 was 266.5 (258.6) cents a kg and SMR 20 224.5 (222.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	864-875	854-865	—
Mch	868-878	857-865	—
Apl-Jne	874-876	865-866	880-871
Jly-Sept	885-886	874-875	887-881
Oct-Dec	894-896	885-888	903
Jan-Mch	904-907	896-887	—
Apl-Jne	015-818	907-908	—
Jly-Sept	088-951	019-090	910
Oct-Dec	937-944	929-934	—

Sales: 130 (90) lots of 15 tonnes: nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) *spot* 88.00p (85.00p); Feb 87.00p (65.25p); March 87.25p (65.50p).

SOYABEAN MEAL

The market opened 80p down on follow-through selling, reports T. G. Roddock. Prices eased further on commission house selling.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Feb	168.50-70.00	—4.00	173.00-70.00
April	176.50-76.70	—1.75	177.50-75.50
June	174.00-74.50	—1.75	174.70-74.50
August	174.10-74.20	—2.00	—
October	186.00-71.50	—0.50	—
Dec	182.50-64.50	+1.25	—
Feb	164.50-67.50	+2.50	—

Sales: 78 (110) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £124.00 ($173.50), down £0.50, a tonne for Jan-Feb shipment. White sugar $210.00, down $2.00.

In quiet conditions the market traded in a range of less than £1.00 with final trades just above the day's low points, reports C. Czarnikow.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		

March 464, 470, 468; May 467, 475, 475. Sales: 50.

TEA AUCTIONS

LONDON TEA AUCTION—27,120 packages were on offer, including 2,200 in the offshore section. A very strong demand again prevailed. North Indians met keen competition and generally gained 10-25p, while Bangladesh teas put on 5-15p. Africans were the feature of the sale with brighter lines 30-40p higher; plainer mediums were fully firm to 10p dearer. The small selection of Ceylons on offer sold readily sometimes at substantially dearer rates. Offshore teas came to an irregular market with some lines up to 50p higher and others unchanged. Quotations: quality 375p a kg (330p), medium 330p a kg (308p), low medium 250p a kg (240p).

INDICES

FINANCIAL TIMES

Jan. 6	Jan. 5	M'th ago	Y'ar ago
888.05	887.68	892.46	243.99

(Base: July 1 1952=100)

REUTERS

Jan. 9	Jan. 6	M'th ago	Y'ar ago
1971.7	1982.1	1953.8	1694.9

(Base: September 18 1931=100)

MOODY'S

Jan. 6	Jan. 5	M'th ago	Year ago
1046.7	1050.0	1333.1	1020.0

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Jan. 6	Jan. 5	Month ago	Year ago
Spot	156.09	157.76	158.98	156.29
Fut's	139.52	141.61	146.10	143.88

(Base: December 31 1974=100)

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets: GB—Cattle 98.24p per kg lw (−0.58). GB—Sheep 155.60p per kg est dcw (−2.91). GB—Pigs 74.00p per kg lw (−1.52).

SMITHFIELD—Pence per pound—Beef—Scotch killed sides 80.0-86.0; Ulster hindquarters 98.0-104.0, forequarters 55.0-60.0. Lamb — English small 72.0-78.0, medium 68.0-76.0, heavy 64.0-68.0; Imported: New Zealand PL 58.3-60.0, PX 56.8-57.3. Pork—English under 100 lb 49.0-54.3, 100-120 lb 49.0-53.8, 120-160 lb 43.0-50.0.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £8.00-£8.80, codlings £5.00-£6.00; large haddock £7.50, medium £7.00-£8.20, small £8.80; skinned dogfish (large) £11.50, (medium) £13.00; rockfish £3.50-£4.20; reds £2.00-£3.00; saithe £3.50-£4.40.

MEAT LIVESTOCK COMMISSION—Average fatstock prices at representative markets: GB—Cattle 98.24p per kg lw (−0.58). GB—Sheep 155.80p per kg est dcw (−2.91). GB—Pigs 74.00p per kg lw (−1.52).

AMERICAN MARKETS

NEW YORK, January 8.

Gold and silver remained weak on fresh long liquidation due to continued strength of the dollar, reports Heinold Commodities. Copper suffered sharp declines as weakness of sterling discouraged speculative buying but prompted arbitrage selling, which touched off stops. Aluminium declined in sympathy. Sugar was under pressure from arbitrage selling and forecasts of a slight surplus in 1983-84. Cocoa was weak on reports that the world deficit might not be as large as previously expected. Coffee values declined on weakness of sterling. Cotton remained weak on a general lack of trade support. Heating oil was firm on forecasts of cooler weather moving into north-east America. The grain and soyabean complex was mixed with soyabeans sharply lower as dollar strength prompted fears of slackening export demand.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	76.60	77.15	76.55	77.30
May	77.10	77.40	76.76	77.70
July	78.00	78.15	78.15	78.60
Sept	78.85	—	—	79.50
Dec	90.20	—	—	80.80
Jan	80.65	—	—	81.20
March	81.55	—	—	82.05
May	82.40	—	—	82.85
July	83.25	—	—	83.65
Sept	84.10	—	—	84.45

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2457	2529	2455	2546
May	2459	2504	2459	2547
July	2444	2495	2444	2532
Sept	2434	2470	2434	2522
Dec	2370	2410	2362	2450
March	2349	2349	2349	2437

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	140.08	40.75	39.80	40.67
May	136.98	37.60	36.60	37.63
July	134.80	35.20	34.60	35.36
Sept	132.63	32.75	32.10	33.13
Dec	130.20	30.50	30.00	30.80
March	128.50	—	—	29.25
May	127.20	—	—	27.88

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	61.00	63.30	62.50	63.76
Feb	61.40	—	—	64.15
March	62.00	64.55	61.90	64.80
May	63.90	65.80	63.10	65.70
July	64.50	67.15	65.25	67.40
Sept	65.90	68.40	66.20	68.75
Dec	67.85	70.50	69.10	70.80
Jan	69.65	70.90	70.90	71.50
March	70.00	72.90	71.20	72.65
May	71.30	73.85	72.50	74.15

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	73.47	74.50	73.40	74.52
May	74.77	75.80	74.75	75.90
July	75.77	76.70	75.75	76.88
Oct	73.00	73.20	72.70	73.30
Dec	71.97	72.15	71.56	72.05
March	73.00	73.50	73.50	73.90
May	74.15	—	—	74.00

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Feb	29.40	29.45	29.08	29.18
March	29.15	29.22	28.83	29.94
April	28.87	28.50	28.55	28.65
May	28.70	28.70	28.42	28.55
June	29.40	28.50	28.40	28.30
July	28.35	—	—	28.30
August	28.65	—	—	28.30
Sept	28.60	28.60	28.60	28.45
Oct	28.50	28.60	28.50	28.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	365.0	365.2	363.5	367.0
Feb	367.7	207.0	364.6	370.0
March	370.8	369.0	368.0	373.0
April	373.6	376.0	370.3	376.1
June	379.7	380.8	376.6	382.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	783.5	786.0	779.0	804.0
Feb	787.0	—	—	809.5
March	794.0	808.0	783.0	816.9
May	807.7	822.0	786.3	830.9
July	821.5	836.0	810.0	845.9
Sept	835.8	847.0	832.0	861.2
Dec	857.3	872.0	847.0	884.4
Jan	864.8	—	—	892.5
March	879.3	892.0	876.3	908.7
May	894.3	908.0	905.0	925.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	7.57	7.71	7.53	7.78
May	7.93	8.08	7.90	8.13
July	8.22	8.39	8.20	8.42
Sept	8.47	8.60	8.47	8.64
Oct	8.64	8.80	8.61	8.85
Jan	9.38	9.35	9.35	9.40
March	9.70	9.84	9.65	9.83

CHICAGO

LIVE CATTLE 40,000lb, cents/lb

	Close	High	Low	Prev
Feb	67.67	68.30	67.40	67.95
April	67.92	68.27	67.65	67.97
June	67.17	67.55	66.75	67.15
Aug	65.22	65.45	64.50	65.17
Oct	62.67	63.26	62.90	62.85
Dec	63.87	64.00	63.85	64.05

LIVE HOGS 30,000lb, cents/lb

	Close	High	Low	Prev
Feb	52.55	52.95	52.25	52.12
April	49.07	49.70	48.95	48.90
June	53.95	54.65	53.85	54.17
July	55.05	55.40	54.90	54.87
Aug	54.42	54.90	54.26	54.25
Oct	52.45	52.65	52.00	52.22
Dec	53.60	53.70	53.30	53.30
Feb	53.32	53.65	53.15	53.30
April	51.05	51.05	51.05	51.50

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	331.2	334.2	327.0	330.4
May	334.0	335.2	330.2	334.0
July	334.2	336.0	331.0	334.6
Sept	309.0	310.4	307.8	311.2
Dec	292.0	294.2	291.0	294.6
March	302.8	305.0	302.0	306.0
May	310.0	311.4	308.0	312.9

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
Feb	64.75	65.45	64.25	64.27
March	64.60	65.25	64.20	64.20
May	65.85	66.40	65.40	65.62
July	65.82	66.45	65.45	65.70
Aug	64.30	65.10	64.25	64.15

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	754.0	770.0	745.2	764.4
March	770.0	787.0	761.0	780.4
May	784.0	801.0	776.0	795.4
July	792.4	812.0	786.0	805.4
Aug	786.0	800.0	778.0	793.8
Sept	750.4	765.0	741.0	752.0
Nov	720.0	725.4	713.0	720.4
Jan	732.0	736.0	728.3	734.4

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hits new peaks

The dollar rose to further record levels in active foreign exchange trading, but finished below its high points after intervention by central banks, which may have included the U.S. Federal Reserve. Expectations that the very large U.S. budget deficit will prevent any significant fall in interest rates during a Presidential election year continued to boost the U.S. currency, while the recent rise on Wall Street and encouraging unemployment figures also underpinned the dollar. Industrial production figures and retail sales statistics later this week are also expected to point to buoyant economic growth, and against this background the dollar surged to the highest level for ten years against the D-mark; six years against the Swiss franc; and to all time peaks in terms of sterling; the Dutch guilder; French franc; Italian lira; and Scandinavian currencies.

The German Bundesbank was the most obvious central bank intervening in the market, pulling the dollar down from a high point of DM 2.8380 to a close of DM 2.8285, compared with DM 2.81 on Friday. The U.S. currency also climbed to FFr 8.6375 from FFr 8.5725; SwFr 2.2510 from SwFr 2.2390; and to Y233.30 from Y232.265.

On Bank of England figures the dollar rose to a best ever level of 132.0 from 131.3.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.4005. December average 1.4344. Trade-weighted index 81.7, compared with 81.6 at noon, 81.4 at the opening, 81.7 at Friday's close, and 85.3 six months ago.

Sterling opened at $1.3950-$1.3960, and fell to an all-time trading low of $1.3910-1.3920, before picking up to a high point of $1.4010-1.4020 in the afternoon. Market sources suggested that the Bank of England may have given support to the pound, but not enough to prevent it closing at a record low $1.4000-$1.4010, a fall of 65 points from Friday. On the other hand, the pound was firm against Continental currencies, helping to keep the trade-weighted index unchanged at the close, after a sharp fall in early trading. Sterling rose to DM 3.9650 from DM 3.9550 against the D-mark; FFr 12.09 from FFr 12.0575 against the French franc; and SwFr 3.1550 from SwFr 3.1525 in terms of the Swiss franc; but eased to Y327 from Y327.50 against the Japanese yen.

D-MARK — Trading range against the dollar in 1983-84 is 2.8285 to 2.3320. December average 2.7487. Trade-weighted index 122.9 against 127.3 six months ago.

The dollar rose to a 10-year high against the D-mark at yesterday's fixing in Frankfurt, despite central bank intervention. The dollar was fixed at DM 2.8332, up from DM 2.8085 on Friday. The Bundesbank sold $61.9m at the fixing and admitted to giving support in the morning, although it declined to reveal the extent of its intervention. Sterling rose to DM 3.9610 from DM 3.9510, while the Belgian franc slipped to DM 4.9090 per BFr 100 from DM 4.9120. The French franc was also lower at DM 32.775 per FFr 100 from DM 32.785.

DUTCH GUILDER — Trading range against the dollar in 1983/84 is 3.1750 to 2.5755. December average 3.0842. Trade weighted index 113.3 against 116.8 six months ago. The Dutch guilder fell to its lowest level ever against the dollar in Amsterdam yesterday. It broke the previous record fixing of Fl 3.1720, set in February 1973, to be fixed yesterday at Fl 3.1805 from Fl 3.15 on Friday. The Dutch central bank was probably active to support the guilder with the dollar reaching a best level of Fl 3.18 in the morning. Within the EMS there was very little movement while Dutch interest rates appeared unaffected by the guilder's decline against the dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0406	+2.54	+1.84	±1.5447
Danish Krone	8.14104	8.17369	+0.40	−0.30	±1.6425
German D-Mark	2.24184	2.26017	+0.82	+0.12	±1.0642
French Franc	6.87456	6.89612	+0.31	−0.39	±1.4052
Dutch Guilder	2.52595	2.53482	+0.35	−0.35	±1.4964
Irish Punt	0.72569	0.729071	+0.47	−0.23	±1.6699
Italian Lira	1403.49	1369.26	−2.44	−2.44	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Jan 9	Previous
Spot	$1.3945-3965	$1.4050-4066
1 month	0.04-0.08 dis	0.06-0.08 dis
3 months	0.18-0.23 dis	0.20-0.29 dis
12 months	0.85-0.98 dis	0.90-0.94 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3910-1.4020	1.4000-1.4010	0.05-0.10c dis	−0.64	0.18-0.23dis	−0.58
Canada	1.7420-1.7550	1.7530-1.7540	0.08-0.18c dis	−0.89	0.18-0.28dis	−0.52
Nethlnd.	4.42-4.45½	4.44¾-4.45¾	1⅞-1⅝c pm	4.38	4-3½ pm	3.37
Belgium	80.40-80.85	80.70-80.80	2c pm-8 dis	−0.44	28-38 dis	−1.63
Denmark	14.27½-14.34½	14.32¾-14.33¾	2-3ore dis	−2.09	3¾-4½ dis	−1.08
Ireland	1.2700-1.2800	1.2765-1.2775	0.20-0.35p dis	−2.58	0.75-.98dis	−2.58
W. Ger.	3.94½-3.97½	3.96-3.97	1½-1pf pm	3.78	3½-3 pm	3.28
Portugal	189.75-193.50	192.75-193.25	130-305c dis	−13.52	445-985dis	−14.82
Spain	225.50-226.50	226.10-226.30	155-190c dis	−9.15	500-565 dis	−9.42
Italy	2,390-2,403	2,399-2,401	13½-15½lire dis	−7.25	41½-44½ dis	−7.17
Norway	11.06-11.12	11.11-11.12	3⅝-4½ore dis	−4.45	9½-10⅝ dis	−3.58
France	12.03-12.10	12.08½-12.09½	2⅞-3½c dis	−2.98	10⅞-11½dis	−3.64
Sweden	11.47-11.51	11.49½-11.50½	1⅞-2⅝ore dis	−1.89	5⅞-6⅞ dis	−2.00
Japan	324-327½	326½-327½	0.96-0.86y pm	3.34	2.45-2.30 pm	2.90
Austria	27.80-27.97	27.90-27.95	9⅛-7⅝gro pm	3.82	23⅝-18⅝ pm	3.04
Switz.	3.13-3.16½	3.15-3.19	2-1½c pm	6.66	4½-4 pm	5.35

Belgian rate is for convertible francs. Financial francs 82.15-82.25. Six-month forward dollar 0.40-0.45c dis. 12-month 0.87-0.97c dis.

THE DOLLAR SPOT AND FORWARD

Jan 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3910-1.4020	1.4000-1.4010	0.05-0.10c dis	−0.64	0.18-0.23dis	−0.58
Ireland†	1.0935-1.0975	1.0965-1.0975	0.24-0.20c pm	2.41	0.59-0.52 pm	2.02
Canada	1.2510-1.2530	1.2520-1.2525	.01c pm-.01c dis	—	0.03-0.01 pm	0.06
Nethlnd.	3.1730-3.1800	3.1740-3.1760	1.18-1.08c pm	4.27	3.07-2.97 pm	3.80
Belgium	57.67-57.75	57.67-57.69	2½-4c dis	−0.68	15-18 dis	−1.14
Denmark	10.23-10.25¾	10.23-10.23½	1-1½ore dis	−1.46	1-1½ dis	−0.49
W. Ger.	2.8270-2.8380	2.8280-2.8290	1.05-1.01pf pm	4.39	2.80-2.75 pm	3.92
Portugal	137.30-138.40	137.80-138.30	90-210c dis	−13.03	300-680dis	−14.19
Spain	161.40-161.80	161.45-161.55	100-120c dis	−8.16	325-375dis	−8.66
Italy	1,713-1,719	1,713½-1,714½	9½-10 lira dis	−6.82	27½-28¾ dis	−6.50
Norway	7.9300-7.9456	7.9400-7.9450	2.40-2.70ore dis	−3.85	6.80-6.10dis	−3.10
France	8.6300-8.6625	8.6350-8.6400	2.00-2.15c dis	−2.88	6.60-7.00dis	−3.15
Sweden	8.2100-8.2316	8.2100-8.2150	0.85-1.05ore dis	−1.38	2.85-3.05dis	−1.43
Japan	232.70-233.70	233.25-233.35	0.80-0.70y pm	3.86	2.10-2.00 pm	3.51
Austria	19.84-19.98½	19.94½-19.95½	6.90-6.30gro pm	3.97	18.25-16.25pm	3.46
Switz.	2.2460-2.2520	2.2505-2.2515	1.39-1.34c pm	7.26	3.41-3.36 pm	6.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 58.67-58.72.

OTHER CURRENCIES

Jan. 9	£	$		£ Note Rates
Argentina Peso	33.42-33.41	23.95-23.98	Austria	27.75-28.05
Australia Dollar	1.5340-1.5370	1.0970-1.0980	Belgium	81.60-82.40
Brazil Cruzeiro	1,3875-1,393.71	993-998	Denmark	14.23-14.51
Finland Markka	8.5735-8.5965	6.9760-5.9800	France	12.03-12.15
Greek Drachma	143.36 143.46	102.60-102.85	Germany	3.94-3.98
Hong Kong Dollar	10.90⅛-10.91⅛	7.1985-1.8005	Italy	2375-2405
Iran Rial	124¾*	88.10*	Japan	324-329
Kuwait Dinar (KD)	0.41135-0.41285	0.29405-0.29425	Netherlands	4.42¼-4.46¼
Luxembourg Fr.	80.70-80.80	57.67-57.69	Norway	11.04-11.15
Malaysia Dollar	3.2730-3.2790	2.3410-2.3425	Portugal	185-206
New Zealand Dlr	2.1550-2.1600	1.5410-1.5430	Spain	226-253¼
Saudi Arab. Riyal	4.9110-4.9180	3.5105-3.5115	Sweden	11.42-11.53
Singapore Dollar	2.9790-2.9850	2.1305-2.1320	Switzerland	3.13¼-3.16½
Sth. African Rand	1.7730-1.7770	1.2660-1.2690	United States	1.38¾-1.40¾
U.A.E. Dirham	5.1670-5.1440	3.6720-3.6730	Yugoslavia	193-221

* Selling rates.

CURRENCY RATES

Jan. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.139080	0.611088
U.S. $	8½	1.03316	0.797239
Canadian $	9.97	*	0.997984
Austria Sch	3¾	20.6239	16.9288
Belgian F	10	59.6596	46.0406
Danish Kr	7	10.5940	8.17369
D'mark	4	2.92716	2.26017
Guilder	5	3.28597	2.53482
French F	9½	8.93683	6.89619
Lira	17	1775.94	1369.26
Yen	5	240.676	185.717
Norwgn Kr	8	8.19554	6.33486
Spanish Pta	—	166.969	128.834
Swedish Kr	8½	8.50601	6.54972
Swiss Fr	4	2.32668	1.79801
Greek Dr'ch	20½	106.157	81.9323

*C$/SDR rate for Jan 6: 1.29461

CURRENCY MOVEMENTS

Jan. 9	Bank of England Index	Morgan Guaranty Changes‡
Sterling	81.1	−8.9
U.S. dollar	132.0	+19.4
Canadian dollar	92.3	+0.6
Austrian schilling	112.9	+2.3
Belgian franc	88.9	−12.4
Danish kroner	77.3	−6.9
Deutsche mark	122.9	+6.3
Swiss franc	149.3	+13.7
Guilder	113.3	+3.8
French franc	66.6	−15.9
Lira	48.5	−12.4
Yen	158.9	+16.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.401	3.966	327.0	12.09	3.165	4.448	2400.	1.754	80.76
U.S. Dollar	0.714	1.	2.839	233.3	8.638	2.261	3.176	1714.	1.269	57.68
Deutschemark	0.252	0.353	1.	82.47	3.049	0.796	1.129	605.6	0.442	20.37
Japanese Yen 1,000	3.058	4.283	12.13	1000.	36.97	9.648	13.60	7339.	5.369	246.9
French Franc 10	0.827	1.158	3.280	270.6	10.	2.610	3.679	1985.	1.450	66.79
Swiss Franc	0.317	0.444	1.257	103.6	3.839	1.	1.410	760.1	0.556	25.59
Dutch Guilder	0.225	0.315	0.889	73.52	2.719	0.709	1.	539.6	0.394	18.16
Italian Lira 1,000	0.417	0.584	1.652	136.3	5.038	1.315	1.853	1000.	0.731	33.65
Canadian Dollar	0.570	0.799	2.261	186.6	6.895	1.799	2.539	1369.	1.	46.05
Belgian Franc 100	1.238	1.734	4.916	405.0	14.97	3.907	5.508	2972.	2.119	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9⅜	9⅝-9⅞	9¾-10¼	5¾-5⅞	1⅝-1¾	5⅜-5⅝	12-12¼	15-18	9-9½	9-9½	6⅛-6⅜	12½-16
7 day's notice	9⅛-9¼	9⅛-9⅜	8½-10	5⅝-5⅞	1¾-1⅞	5⅛-5⅜	12-12¼	16¼-18¼	10-10½	10-10½	6⅞-6	11¾-12¼
Month	9¼-9⅜	9⅜-9⅝	9⅛-9¾	5⅛-5⅜	3⅛-3¼	5⅛-5⅜	12⅛-12⅝	16⅝-18⅛	10¼-10¾	10⅛-10¾	6⅛-6¼	10⅝-11⅛
Three months	9⅜-9½	9⅞-10⅛	9¾-9⅞	6⅛-6⅜	3¾-3⅞	5⅞-6⅛	12⅞-13⅛	18¼-16¾	11-11½	10⅞-11⅛	6¼-6⅜	10¾-11¼
Six months	9⅝-9¾	10-10¼	9⅞-10⅛	6⅛-6⅜	4-4⅛	6⅛-6⅜	13¾-14	16⅞-17⅜	11⅛-11⅝	11⅛-11⅝	6⅛-6⅜	10⅞-11⅜
One Year	9⅞-10	10⅜-10⅝	10⅛-10⅜	6⅜-6⅝	4⅛-4⅜	6½-6⅝	14⅛-14⅜	17¾-19¼	11⅛-11⅝	11⅛-11⅝	6⅛-6⅜	11-11½

Asian $ (closing rates in Singapore): Short-term 9⅞-9⅞ per cent; seven days 9½-9⅝ per cent; one month 9⅝-9¾ per cent; three months 9¹⁵⁄₁₆-9¹⁵⁄₁₆ per cent; six months 10-10⅛ per cent; one year 10⅜-10⅝ per cent. Long-term Eurodollars two years 11⅛-11⅜ per cent; three years 11¼-11⅝ per cent; four years 11⅞-12⅛ per cent; five years 12⅛-12⅜ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates firmer

London money market interest rates were slightly firmer, as sterling fell to a record low against the dollar. Three-month sterling interbank rose to 9⅜ per cent from 9¼ per cent, but discount houses buying rates for three-month bank bills were unchanged at 8⅞ per cent.

The Bank of England forecast a market shortage of £500m, but this was revised to £600m at noon, and to £550m in the afternoon.

Bills maturing in official bands, a take-up of Treasury bills from Friday's tender, and repayment of late assistance drained £348m, and Exchequer transactions another £400m. These were partly offset by a fall in the note circulation of £245m. Total help provided by the authorities was £529m. Before lunch the Bank of England bought £220m bills by way of £31m bank bills in band 2 (15-33 days maturity) at 9 per cent; £1m Treasury bills in band 3 (34-63 days) at 8⅞ per cent; £32m bank bills in band 3 at 8⅞ per cent; £27m Treasury bills in band 4 (64-91 days) at 8⅞ per cent; £10m local authority bills in band 4 at 8⅞ per cent; and £119m bank bills in band 4 at 8⅞ per cent.

In the afternoon another £69m bills were purchased through £16m bank bills in band 1 (up to 14 days) at 9⅛ per cent; £1m bank bills in band 2 at 9 per cent; £35m bank bills in band 3 at 8⅞ per cent; £13m Treasury bills in band 4 at 8⅞ per cent; and £4m bank bills in band 4 at 8⅞ per cent.

Late assistance of £240m was also provided by the Bank of England.

In Frankfurt call money was firm at 5.55-5.65 per cent from 5.50-5.60 per cent in tight money market conditions, between the draining of DM 7.2bn through an expiring securities repurchase agreement, and new funds provided by the Bundesbank through a repurchase pact of DM 7.6bn lasting for 34 days, which will not be available until today.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Jan. 9	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.60-6.60	12⅛	1-2	5⅝-6⅝	6.00195	17½-17⅞	6.60	11½-11¾
One month	5.95-6.10	12⅛-12¼	3⅛-3¼	6¾-6⅞	6.15625	17½-17⅞	10½-10¾	12-12⅛
Two months	5.95-6.10	12¼-12⅝	—	—	—	—	—	12-12¼
Three months	6.00-6.15	12¼-12⅝	3⅛-3⅜	6-6⅛	6.21875	17⅝-18	10⅞-11⅛	12-12¼
Six months	6.25-6.40	12¼-12⅜	—	6⅛-6¼	—	—	11-11⅜	12¼-12½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 9 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-10	9-9¼	9-9⅜	8-9⅛	—	—	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9⅛-9⅜	9-9⅛	9⅜-9½	9-9⅛	—	—	—	—	—
One month	9¼ 9⅛	9¼-9⅜	9⅛	9⅜-9½	9	9	8⅞	9⅛	9	9⅞
Two months	9⅜-9¼	9⅛-9⅜	9¼	9⅝	9	8⅞	9⅞	9⅞	8⅞	9⅞
Three months	9⅞-9⅜	9⅜-9½	9⅜	9¾	9	9⅞	8⅞-8⅞	9⅞	8⅞	9⅞
Six months	9½ 9⅜	9⅜-9¾	9½	—	—	—	—	9⅛	9-9⅛	9⅞
Nine months	9⅝ 9⅞	9⅞-9⅞	9⅝	—	—	—	—	—	—	—
One year	9⅞-9⅞	9⅞-10	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅞-9½	—	9¼	9.60-9.70	8⅝-9	9⅛-9⅞
Two months	9⅞-9½	—	9⅜	9.60-9.70	8⅞-9⅛	9⅛-9⅝
Three months	9⅞-9½	—	9½	9.65-9.75	8⅞-9⅛	9⅜-9⅞
Six months	9⅛-9½	—	9¾	9.90-10.00	9⅛-9⅞	9½-9⅝
Nine months	9⅞-9⅝	—	9⅞	10.10-10.20	—	—
One year	9¾-9½	—	10	10.10-10.20	9⅝-9¾	9⅞-10⅛
Two years	—	10⅛	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8669 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month: 9½ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 months 10⅛ per cent. Under £100,000 9⅛ per cent from January 4. Deposits held under Series 4-5 10⅛ per cent. The rate for all deposits withdrawn for cash 9 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½
Fed funds	9½
Fed funds at intervention	9½

Treasury Bills

One month	8.60
Two month	8.75
Three month	8.87
Six month	9.07
One year	9.12

Treasury Bonds

Two year	100⅛
Three year	100¼
Four year	99²⁹⁄₃₂
Five year	99²⁷⁄₃₂
Seven year	100⅛
10 year	100¹⁄₁₆

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. January 9)

3 months U.S. dollars	
bid 9 7/8	offer 10

6 months U.S. dollars	
bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars steady

Euro-dollar prices recovered from a weaker start to finish unchanged from Friday in the London International Financial Futures Exchange yesterday. Values were marked down initially as the market reacted to a $2½bn surge in U.S. business loans and a higher net borrowed reserves figure for U.S. banks of $274m. These combined with a firmer Euro-dollar cash market and continued dollar buying to push the March contract down to a low of 89.90 from an opening level of 89.94. Last week's smaller than expected fall in U.S. M1 money supply may also have added some downward momentum.

Federal funds were quoted at 9½ pc, the same as Friday's closing level while the Fed intervened in the money market to add reserves through overnight repurchase agreements. The March Euro-dollar price recovered to finish at 89.95, unchanged from Friday.

Gilt prices opened on a weaker note, partly reflecting sterling's fall to record levels against the dollar. However there was renewed buying interest at the lower levels and together with a significant recovery later in the day by sterling, gilt futures finished close to the day's highs. The March price opened at 109-28 down from 110-05 and touched a low of 109-26 before recovering to finish at 110-17.

Short sterling prices were also easier at the opening as cash prices were marked ¹⁄₁₆ of a point firmer on sterling's weakness. However the latter's recovery helped values to finish above the day's lows and close to Friday's levels. The March price opened at 90.46 down from 90.49 and closed at 90.48.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	89.95	89.95	89.90	89.95
June	89.62	89.62	89.58	89.64
Sept	89.35	89.36	89.31	89.37
Dec	89.08	—	—	—
March	88.86	—	—	—

Volume 2,481 (2,166)
Previous day's open int. 8,916 (8,867)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	90.48	90.48	90.42	90.49
June	90.25	90.25	90.22	90.30
Sept	90.03	90.03	89.98	90.03
Dec	89.81	—	—	89.79

Volume 562 (335)
Previous day's open int. 5,158 (5,192)

20-YEAR 12% NOTIONAL GILT £50,000
32nds of 100%

	Close	High	Low	Prev
March	110-17	110-20	109-26	110-05
June	110-01	110-01	109-27	109-24
Sept	109-21	109-21	109-12	109-13
Dec	109-09	109-09	108-31	109-03
March	108-29	108-29	108-19	108-24

Volume 3,000 (2,362)
Previous day's open int. 1,940 (2,200)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 36 to 46 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4010	1.4010	1.3940	1.4086
June	1.4030	1.4030	1.3990	1.4106
Sept	1.4050	1.4050	1.4045	1.4126

Volume 462 (325)
Previous day's open int. 2,283 (2,296)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3556	0.3558	0.3548	0.3584
June	0.3586	0.3586	0.3585	—
Sept	—	—	—	—

Volume 89 (90)
Previous day's open int. 281 (294)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4486	0.4496	0.4481	0.4519
June	0.4552	—	—	—
Sept	—	—	—	—

Volume 44 (1)
Previous day's open int. 130 (130)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4311	0.4322	0.4311	0.4326
June	0.4350	—	—	—
Sept	—	—	—	—

Volume 81 (28)
Previous day's open int. 222 (212)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-11	70-10	70-00	70-12
June	69-25	69-29	69-13	69-25
Sept	69-09	69-10	68-30	69-08
Dec	68-25	68-26	68-14	68-24
March	68-11	68-11	68-01	68-10
June	67-30	67-30	67-21	67-29
Sept	67-19	67-18	67-13	67-17
Dec	—	—	—	67-07
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	90.83	90.88	90.79	90.86
June	—	90.54	90.46	90.52
Sept	90.22	90.24	90.20	90.24
Dec	89.89	89.89	89.85	90.00
March	89.75	89.76	89.72	89.77
June	89.53	89.53	89.51	89.56
Sept	—	—	89.33	89.36
Dec	—	—	89.10	89.18

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	90.13	90.18	90.05	90.13
June	89.76	89.77	89.66	89.75
Sept	—	89.44	89.37	89.43
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	89.70	89.72	89.62	89.70
June	89.36	89.38	89.29	89.36
Sept	—	89.08	89.01	89.06
Dec	89.76	88.76	89.76	89.82
March	88.53	88.54	88.53	88.56
June	89.30	89.30	88.30	88.31

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4010	1.4060	1.3955	1.4070
June	1.4035	1.4070	1.3980	1.4095
Sept	1.4060	1.4085	1.4010	1.4120
Dec	1.4080	1.4100	1.4020	1.4145
March	1.4110	1.4130	1.4050	1.4180
June	—	—	—	—

GNMA (CBT) 8% $100,000
32nds of 100%

	Latest	High	Low	Prev
March	69-03	69-09	68-27	69-03
June	68-06	68-11	68-00	68-05
Sept	67-10	67-10	67-05	67-09
Dec	—	66-18	66-19	66-17
March	—	—	—	—
June	65-13	65-13	65-12	65-12
Sept	—	—	—	64-30
Dec	64-18	64-18	64-19	64-19
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

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WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 9 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.81
Algeria	Dinar	(A) 6.88
Andorra	French Franc Spanish Peseta	12.09 229.20
Angola	Kwanza	(CM) 45.4110
Antigua	E. Caribbean $	3.77
Argentina	New Peso	63.466
Australia	Australian $	1.5356
Austria	Schilling	91.920
Azores	Portug'se Escudo	193.00
Bahamas	Ba. Dollar	1.4005
Bahrain	Dinar	0.5250
Balearic Isles	Spa. Peseta	226.20
Bangladesh	Taka	34.60
Barbados	Barbados $	2.801
Belgium	B. Franc	(cm) 80.76 (fn) 82.26
Belize	B $	2.801
Benin	C.F.A. Franc	604.5
Bermuda	Bda $	1.4005
Bhutan	Indian Rupee	14.90
Bolivia	Bolivian Peso	(O) 700.26
Botswana	Pula	1.5450
Brazil	Cruzeiro ‡‡	1,691.22
Brit. Virgin Isles	U.S. $	1.4005
Brunei	Brunei $	2.9820
Bulgaria	Lev	1.4471
Burma	Kyat	11.9660
Burundi	Burundi Franc	168.516
Cameroon	C.F.A. Franc	604.5
Canada	Canadian $	1.7535
Canary Islands	Spanish Peseta	226.20
Cape Verde Is.	Cape V. Escudo	161.60
Cayman Islands	Cay. Is. $	1.1676
Cent. Afr. Republic	C.F.A. Franc	604.5
Chad	C.F.A. Franc	604.5
Chile	Chilean Peso	122.96
China	Renminbi Yuan	2.8419
Colombia	Col. Peso	(F) 124.49
Comoro Islands	C.F.A. Franc	604.5
Congo (Brazzaville)	C.F.A. Franc	604.5
Costa Rica	Colon	(U) 60.97
Cuba	Cuban Peso	1.2168
Cyprus	Cyprus £	0.7950
Czechoslovakia	Koruna	(com) 9.40 n/c 15.56 (T) 10.36
Denmark	Danish Kroner	14.3350
Djibouti	Djibouti Franc	240 (sg)
Dominica	E. Caribbean $	3.77
Dominican Repub.	Dominican Peso	(O) 1.4005 (7) 2.2100
Ecuador	Sucre	(O) 76.53 (F) 126.62
Egypt	Egyptian £	(U) 1.16
Equatorial Guinea	Ekuele	452.4
Ethiopia	Ethiopian Birr	(P) 2.8600
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	14.3325
Fiji Islands	Fiji $	1.4629
Finland	Markka	8.3950
France	French Franc	12.09
French C'tyin Af.	C.F.A. Franc	604.5
French Guiana	Local Franc	12.09
French Pacific Is.	C.F.P. Franc	219 (sg)
Gabon	C.F.A. Franc	604.5
Gambia	Dalasi	4.00
Germany (East)	Ostmark	3.963
Germany (West)	Deutsche Mark	3.963
Ghana	Cedi	41.7990
Gibraltar	Gibraltar £	1.0
Greece	Drachma	143.15
Greenland	Danish Kroner	14.3526
Grenada	E. Caribbean $	3.77
Guadaloupe	Local Franc	12.09
Guam	U.S. $	1.4005
Guatemala	Quetzal	1.4005
Guinea	Syli	33.96
Guinea-Bissau	Peso	59.27
Guyana	Guyanese $	4.1910
Haiti	Gourde	7.0025
Honduras	Lempira	2.8045
Hong Kong	H.K. $	10.91
Hungary	Forint	65.02‡‡
Iceland	I. Krona	41.10
India	Ind. Rupee	14.90
Indonesia	Rupiah	1,391.6
Iran	Rial	124.15(sg)
Iraq	Iraqi Dinar	0.4370
Irish Republic	Irish £	1.2770
Israel	Shekel	153.0
Italy	Lira	2,400.0
Ivory Coast	C.F.A. Franc	604.5
Jamaica	Jamaica Dollar	4.76‡‡
Japan	Yen	331.0
Jordan	Jordanian Dinar	0.526
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	19.5760
Kiribati	Australian $	1.5356
Korea (Nth)	Won	1.5366(‖)
Korea (Sth)	Won	1,191.10
Kuwait	Kuwaiti Dinar	0.41170
Laos	New Kip	49.09
Lebanon	Lebanese £	7.6400
Lesotho	Maluti	1.7750
Liberia	Liberian $	1.4005
Libya	Libyan Dinar	0.4146
Liechtenstein	Swiss Franc	3.155
Luxembourg	Lux Franc	80.19
Macao	Pataca	11.34
Madeira	Portug'se Escudo	193.00
Malagasy Republic	MG Franc	698.50
Malawi	Kwacha	1.85
Malaysia	Ringgit	3.2760
Maldive Islands	Rufiyaa	10.07
Mali Republic	Mali Franc	1,209.0
Malta	Maltese £	0.6300
Martinique	Local Franc	12.09
Mauritania	Ouguiya	79.08
Mauritius	M. Rupee	19.075
Mexico	Mexican Peso	(F) 290.74 (C) 201.83
Miquelon	Local Franc	12.09
Monaco	French Franc	12.09
Mongolia	Tugrik	4.75 (‖)
Montserrat	E. Caribbean $	3.77
Morocco	Dirham	11.30(sg)
Mozambique	Metical	(A) 58.04
Namibia	S.A Rand	1.776
Nauru	Australian Dollar	1.5355
Nepal	Nepalese Rupee	20.83
Netherlands	Guilder	4.4473
Netherland Antilles	Antillian Guilder	2.507
New Zealand	N.Z. Dollar	2.1575
Nicaragua	Cordoba	13.966
Niger Republic	C.F.A. Franc	604.0
Nigeria	Naira	1.088396(sg)
Norway	Norwegian Krone	11.113
Oman Sul'ate of	Rial Omani	0.4825
Pakistan	Pakistan Rupee	18.15
Panama	Balboa	1.4005
Papua N. Guinea	Kina	1.2120
Paraguay	Guarani	(O) 176.81 (F) 223.23
Peru	Sol	(exc A) 3,169.96
Philippines	Philippine Peso	19.30
Pitcairn Islands	£ Sterling New Zealand $	— 2.1576
Poland	Zloty	140.08
Portugal	Portug'se Escudo	193.00
Puerto Rico	U.S. $	1.4005
Qatar	Qatari Ryal	5.0810
Reunion Island	French Franc	12.09
Romania	Leu	(Cm) 6.07 (NC) 20.14
Rwanda	Rwanda Franc	140.39
St. Christopher	E. Caribbean $	3.77
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	3.77
St. Pierre	Local Franc	12.09
St. Vincent	E. Caribbean $	3.77
Salvador El	Colon	3.493
Samoa American	U.S. $	1.4005
San Marino	Italian Lira	2,400.0
Sao Tome & Prin	Dobra	65.79
Saudi Arabia	Saudi Ryal	4.9145
Senegal	C.F.A. Franc	604.5
Seychelles	S. Rupee	9.16(sg)
Sierra Leone	Leone	(O) 3.50
Singapore	Singapore $	2.9820
Solomon Islands	Solomon Is. $	1.7043
Somali Republic	Somali Shilling	24.59
South Africa	Rand	1.776
Spain	Peseta	226.20
Spanish ports in North Africa	Peseta	226.20
Sri Lanka	S. L. Rupee	34.75
Sudan Republic	Sudan £ (u)	1.8436
Surinam	S. Guilder	2.507
Swaziland	Lilangeni	1.775
Sweden	S. Krona	11.50
Switzerland	Swiss Franc	3.166
Syria	Syrian £	(A) (T) 10.0 (CM) 6.20
Taiwan	New Taiwan $	56.31
Tanzania	Tan. Shilling	17.21 (sg)
Thailand	Baht	31.93
Togo Republic	C.F.A. Franc	604.5
Tonga Islands	Pa'anga	1.5356
Trinidad	Trinidad & Tob. $	3.3612
Tunisia	Tunisian Dinar	1.02(sg)
Turkey	*Turkish Lira*	425.92
Turks & Caicos	U.S. $	1.4005
Tuvalu	Australian $	1.5336
Uganda	Uganda Shilling	340.00 412.50 (3)
United States	U.S. Dollar	1.4000
Uruguay	Uruguay Peso	60.11
Utd. Arab Emirates	U.A.E. Dirham	5.1405
U.S.S.R.	Rouble	1.1369
Upper Volta	C.F.A. Franc	604.5
Vanuatu	Vatu	141.75
Vatican	Italian Lira	2,400.0
Venezuela	Bolivar	(4) 7.20 (5) 13.90 (6) 18.29
Vietnam	Dong	(O) 13.98
Virgin Islands U.S.	U.S. Dollar	1.4005
Western Samoa	Samoan Tala	(A) 2.2730
Yemen (Nth)	Ryal	6.43 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.4827
Yugoslavia	New Y Dinar	180.4849
Zaire Republic	Zaire	44.5344
Zambia	Kwacha	2.05
Zimbabwe	Zimbabwe $	1.5950

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 9.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Comm 11⅛ 00	100	101⅛	101⅝	+0⅛	+0⅞	19.93
Australia Comm 11½ 95	300	91¾	97⅞	+0⅛	+0⅞	11.87
Australia Comm 11⅝ 98	100	07¼	97¾	+0⅛	+0⅝	11.96
Bank of Tokyo 11 90	100	94½	95	−0⅛	+0⅛	12.23
Bank of Tokyo 11⅞ 90	100	99	98½	−0⅛	−0⅛	12.25
British Col Hyd 10¼ 88	200	96	96½	0	+0¼	11.48
Bristol Fin 11⅞ 90	125	99½	100	+0⅛	−0¼	11.90
Canada 10⅞ 88	500	95¾	99¼	−0⅛	+0⅛	11.12
C.C.C.E. 12⅝ 95	75	99½	100	0	+0⅝	12.64
C.I.B.C. 11 90	75	92⅞	93½	0	+0¼	12.74
Citicorp O/S 10⅝ 90	100	91¼	91¾	−0½	+0⅛	12.35
Citicorp O/S 11¾ 90	100	01⅞	98⅜	0	+0½	12.14
Cred Suisse BAH 10½ 90	150	98⅝	99⅛	+0⅛	+0⅛	18.74
Den Norsk Cred 11¼ 93	50	92½	93	−0⅛	+0⅛	12.58
Denmark Kingdom 12¼ 93	100	97	97½	−0⅛	+0½	12.75
E.C.S.C. 11⅞ 90	75	00	09½	−0⅛	+0⅜	12.01
E.O.F. 11½ 93	100	92¾	92⅞	+0⅛	+0¼	12.48
E.E.C. 11 87	350	98¾	99¼	0	+0¾	11.31
E.E.C. 12 92	50	93¾	00¼	+0⅛	+0½	12.17
E.I.B. 10¾ 93	200	91⅜	01⅞	0	+0½	12.28
E.I.B. 11 91	125	94¾	95¼	0	+1⅛	12.00
E.I.B. 11½ 90	200	97⅛	91⅝	0	+0⅝	12.87
Exportfinans 11½ 90	100	98¼	96¾	+0⅛	+0⅜	12.27
Electrolux 10½ 00	50	92¾	93½	+0⅛	+0½	12.10
Fuji Int Fin 10⅞ 90	100	93⅛	93⅝	+0⅛	+0⅜	12.41
GMAC O/S Fin 11⅜ 00	100	100⅜	100⅞	−0⅛	+0⅛	11.21
Honeywell Int 10¾ 90	100	99½	08½	0	−0⅜	11.57
IC Indust Fin 11⅞ 98	15	96½	97	0	+0⅜	12.36
Indust Bk Japan 11⅞ 91	100	98¾	99¼	−0⅛	+0⅝	12.06
ITT Finance 11½ 89 WW	125	99⅛	100	−0⅛	+0⅜	11.55
Japan Air Lines 10⅞ 98	42	91½	92	0	+0⅜	12.10
Japan Air Lines 11 93	75	94¼	94¾	+0¼	+0½	11.98
J.C. Penney 11⅞ 90	100	101	101½	−0⅛	+0¼	11.57
J.P. Morgan 11¾ 90 WW	150	97¾	98¼	0	+0¾	11.79
Levi Strauss Int 11 90	75	05½	97	0	+0⅜	11.71
L.T.C.B. 10¾ 90	100	92¼	93⅜	0	+0⅛	12.33
L.T.C.B. 12½ 98	85	101⅛	101¾	0	+0¼	12.13
Merrill Lynch 10⅝ 90	200	04½	95	0	+0⅝	11.82
Mitsubishi Fin 11⅜ 90	100	95⅜	95⅞	0	+0⅞	12.36
Nippon Credit 11 90	100	93⅝	94⅛	0	+0½	12.42
Nippon Credit 11⅛ 90	100	87⅛	97⅝	0	+0½	12.45
Ontario Hydro 10¼ 90	250	94	94½	0	+0⅝	11.55
Ontario Hydro 11¾ 90	200	100⅞	101⅛	+0¼	−0½	11.47
Pacific Gas & Elec 12 91	75	102¾	102⅞	0	+0¼	11.45
P.K. Banken 12 90 WW	75	96½	97	0	+0¼	12.72
Prudential 10¼ 02 WW	150	94½	95	0	+0⅞	11.01
Prudential 10⅛ 93 XW	150	90¾	90⅞	+0⅛	+0¼	11.77
Quebec Hydro 11½ 92	100†	97⅝	98½	0	+0¾	11.00
Sears O/S Fin 11½ 88	125	101½	102	+0⅛	−0¼	11.00
Sears O/S Fin 11⅝ 93	150	88¼	98⅞	−0¼	0	11.87
Sth Cal Edison 10½ 90	75	95¾	96¼	0	+0⅜	11.39
Sumitomo Fin 10⅛ 90	100	92⅛	93⅝	+0⅛	+0⅝	12.49
Texaco Capital 10½ 93	200	94¾	95¼	0	+0⅜	11.36
U.S.S. 10 88	100	97⅛	98¾	0	+0¾	19.53
World Bank 11½ 88	100	99¾	100⅛	0	+0⅝	11.21
World Bank 11¼ 90	200	96⅜	96⅞	−0⅛	−0½	11.98
World Bank 11½ 90	150	07¾	98¼	0	+0¾	11.92
World Bank 12 93	200	09¾	100¼	−0⅛	+0½	11.97

Av. price changes: on day 9, on week −½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	97⅛	97⅝	−0⅛	−0⅜	0.72
A.N.A.S. 8½ 91	150	98	98½	−0¼	−0¼	8.85
Arab Banking Corp 9 88	100	96⅜	96¼	−0⅛	+0⅛	9.89
Asian Dev Bk 8½ 93	200	99⅞	100⅜	−0⅛	0	8.47
Austria, Rep 7⅝ 89	100	100⅝	101⅜	+0½	+0⅛	7.38
Avon Int Fin 7½ 93	100	101	101½	0	+0⅛	7.38
Barclays O/S 8⅛ 98	250	98⅞	99⅜	0	−0⅜	8.23
Beatrice Foods 7¾ 93	130	102⅝	102⅛	−0⅛	−0⅛	7.32
E.C.S.C. 8 90	160	100¼	100⅝	−0⅜	−0½	7.51
E.I.B. 9 93	200	98⅝	99⅛	−0¼	0	8.16
Eurofima 7⅛ 90	100	100⅞	101⅜	+0⅛	−0¼	7.24
Europarat 8¼ 93	150	99⅝	100⅜	+0⅛	+0⅜	9.24
Finland Rep 8 90	150	99⅛	99⅝	−0⅛	+0⅛	8.11
I.A.D.B. 8¼ 02	150	97½	98	0	−0⅛	9.59
Int Standard Ele 7⅜ 90	100	99¼	99¾	−0¼	−0⅛	7.47
Int Standard Ele 7¾ 93	100	101¾	102⅛	−0½	−0¼	7.46
Ireland 8⅝ 91	150	99⅞	100⅜	−0¼	+0¼	8.59
Japan Dev Bank 7½ 96	100	100⅝	101½	−0⅛	+0¼	7.34
L.T.C.B. 8 00	100	100⅜	101⅜	−0⅛	0	7.76
Megat Fin 8¼ 94	150	97	97½	–	–	8.67
Sth Africa Rep 8½ 91	200	98⅝	99⅛	–	–	8.70
S.N.C.F. 9½ 93	100	100	100½	−0⅜	−0⅝	8.88
VEBA Int Fin 4 93 WW	200	117	119	−0¾	+18	2.84
VEBA Int Fin 4 93 XW	300	74¼	95⅜	−0¼	+1⅜	7.67
World Bank 1⅞ 88	300	95¾	100⅜	−0⅛	+0⅛	1.80
World Bank 8 93	300	98¾	99¼	−0¼	+0⅛	8.15

Av. price changes: on day −¼, on week +1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 1¼ 01	57	77¼	77½	−0⅜	−1½	11.82
Bank of Tokyo 8 81	100	102¼	102½	+0⅛	−0¼	5.90
Denmark 6⅜ 01	100	103	102¼	−0½	0	5.84
E.E.C. 8 93	100	102¼	102½	+0⅛	+0⅜	9.91
Elec Power Dev 5⅝ 93	100	100⅛	100⅜	–	–	5.54
Europarat 8½ 93	100	99¾	99⅝	+0¼	+0⅞	9.19
Ind Fund Fin 9¼ 01	40	101¾	102	+0⅝	+0¾	5.93
Int-Am Dev Bk 8 93	100	100	100¼	+0½	+1½	5.98
Ireland 9½ 92	80	100¼	100½	+0¼	+0¼	9.44
Japan Dev Bank 5⅞ 83	100	103¾	104	+0¾	+1¾	5.35
Jap Highway Pub 5⅝ 91	100	101½	102	+0⅛	+1⅝	5.34
Kansai Ele Power 9 91	100	102¼	102⅛	−0¼	0	9.59
Manitoba Prov 5½ 03	100	102⅛	102⅛	+0½	+1¼	5.18
Mont Blanc Tenl 6⅜ 03	35	102¾	103	+0⅛	+0⅛	5.97
Mount Isa Finance 8 93	100	102⅛	103¾	+0⅜	+0⅝	5.50
MTG Bk Denmark 8¼ 91	00	102¼	102⅛	+0⅜	+2½	5.86
New Brunswick 5¾ 93	100	103	103¼	+0⅛	0	5.33
Nippon Tel & Tel 5¾ 93	100	103½	103¾	+0⅛	+1	5.27
Nisshin Steel 8¼ 91	100	102	102¼	0	−0½	5.89
Osterr Post 8⅛ 91	100	102¾	104	+0⅛	−0⅛	5.47
Quebec Province 5⅝ 92	100	100¾	101	−0¼	−0¾	5.50
Shikoku Elec Power 8 81	100	102⅝	102⅞	−0⅜	−0⅝	5.52
Soc Lux Cent 5¾ 02	100	100	100¼	–	–	5.73
Sumitomo Heavy Ind 8 01	100	102½	102¾	−0¼	−0½	5.57
Tokyo Elec Power 5⅞ 91	100	103	103¼	0	0	5.36
Trizec Corp 6⅛ 93	100	101¾	102	−0¼	−0¼	5.86

Av. price changes: on day −⅛, on week −½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	106¾	107½	+0⅛	−0⅜	7.48
E.I.B. 9¼ 92	15	103¾	104½	0	−0⅛	7.62
Int-Am Dev Bk 7⅞ 93	15	100¾	101½	+0⅛	+0⅜	7.10
New Zealand 7⅝ 89	15	103⅝	104⅛	0	−0⅛	8.77
World Bank 1⅝ 82	20	101⅛	101⅝	0	−0½	7.42

Av. price changes: on day 0, on week −⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 02 CS	125	07⅞	98⅜	0	0	12.33
E.I.B. 12¼ 91 CS	00†	97¼	97¾	−0⅛	0	12.62
Loblaw 12½ 90 CS	35†	97⅞	98⅜	0	−0⅛	12.81
Montreal City of 12 90 CS	50†	07¾	98¼	+0¼	−0¼	12.44
Quebec Hydro 12¾ 93 CS	50†	102	102½	0	−0½	12.31
Royal Trstco 12⅝ 98 CS	50†	101¼	101¾	0	−0¼	12.17
World Bank 12¼ 90 CS	75†	100¼	100¾	0	−0½	12.11
E.E.C. 11 93 ECU	50	102⅛	103⅛	0	−0⅛	10.55
Genfinance 11 90 ECU	70	99¾	100½	0	−0½	10.95
Algemene Bank 8¾ 98 Fl	150	103⅛	103⅝	−0⅛	+0¼	7.83
Amro Bank 8¾ 98 Fl	100	103⅛	103⅜	–	–	7.83
Bank Mees & Hope 8 88 Fl	15	103⅞	104⅜	0	−0½	7.89
Ned Middenstandbk 8 88 Fl	100	104	104½	–	–	7.89
Rabobank 9 98 Fl	100	104	104½	–	–	7.92
World Bank 9 00 Fl	100	103¼	103¾	−0⅛	−0⅜	8.85
O.K.B. 14 88 FF	400	101	102	+0⅛	−0⅛	13.09
Solvay & Cie 14¾ 00 FF	200	102¼	103⅛	−0⅛	+0⅛	13.21
B.F.C.E. 11½ 00 £	50	08⅝	00⅞	−0⅛	−0⅛	11.57
British Oxyg 11¾ 91 £	50	100¼	101	+0⅛	0	11.59
CEPME 11¼ 95 £	35	104¼	109⅞	−0¼	+0½	10.50
CIBA-Geigy Int 6¾ 93 £	25	101½	102½	−0⅛	+0¾	8.46
Commerzbank 11½ 90 £	25	07¼	00	0	−0⅛	12.02
E.E.C. 11⅛ 91 £	50	100⅞	101⅝	0	−0¼	11.60
E.E.C. 11⅛ 93 £	50	101⅛	101⅝	−0⅛	+0⅛	11.91
Fin For Ind 10½ 90 £	20	95	95½	−0⅛	−0¼	11.57
Finland Rep 11⅞ 98 £	50	100⅞	101⅝	−0¼	+0⅜	11.48
Gen Elec Co 12½ 00 £	50	102⅞	104⅞	0	+0⅜	11.31
I.I.I. 10¾ 93 £	25	95	95½	−0¼	−0⅛	11.57
I.I.I. 11½ 01 WW £	50†	99¾	100¾	0	+1	11.44
Norsk Hydro 12 90 £	30	100¼	101⅝	+0⅛	+0¼	11.69
Sweden 11¼ 93 £	50	08⅛	98⅞	0	0	11.49
Swed Exp Cred 11¼ 88 £	30	98⅛	99⅝	+0⅛	+0⅜	11.43
World Bank 11½ 80 £	100	90	09¾	−0⅛	0	11.27
Eurofima 10 91 LuxFr	800	00⅝	100⅜	+0⅛	−0¼	10.01
Europarat 10¾ 93 LuxFr	600	100¼	101⅛	0	+0¼	10.88

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5½ 95 $	0½	08¼	98½	9/8	10.31	10.48
Banco di Roma 5¼ 00	0¼	100	100¼	7/8	10½	10.49
Belgium 5 2004	0⅛	99⅛	99⅜	9/1	9	5.04
Bk of New Yk 5¼ 99 $	0⅜	99¼	08½	12/1	5¼	5.28
C.C.F. 5¼ 95	0¼	99¾	100	7/4	9.94	9.95
C.C.F. 5¼ 98 $	0¼	100	100¼	24/3	10.10	10.17
CEPME 5¼ 88 WW †	0¼	100⅛	100⅜	3/3	10.21	10.29
C.N.C.A. 5¼ 95 XW	0½	99⅞	100¼	7/8	10⅛	10.50
C.S.T. 5⅞ 91	0¼	99¾	100	6/5	10.10	10.20
Credit Foncier 5¼ 83	0¼	99¾	100	8/4	10	10.01
Denmark 5¼ 90 $	⅜₁₆	99½	99¾	13/4	10	10.04
Dresdner Fin 5¼ 93 XW $	0¼	100	100¼	18/4	9.94	9.93
EAB Fin 5 93 $	0¼	100	100⅜	20/8	10.99	10.67
E.O.F. 5¼ 95 XW	0⅛	100	100¼	18/2	11⅜	11.36
E.E.C. 5 90	0⅛	99¾	100	5/7	10⅜	10.39
Ext Int 5¼ 96	0¼	98⅛	98⅜	21/8	10.81	11.01
Fst Interstate 5¼ 95 $	0⅛	99½	99¾	6/3	9.94	9.98
Fuji Int'l 5¼ 96 $	0⅛	99⅝	99⅞	12/1	9¼	9.26
GZB 5¼ 96	0⅛	99½	99¾	29/5	10.19	10.23
Hypobank 5⅛ 95	0⅛	98⅛	98⅜	20/4	10	10.19
Nat Bk Canada 5¼ 91 $	0½	98⅜	98⅝	5/7	10.44	10.60
Saitama Int 5¼ 93	0⅛	99¾	100	8/9	10.10	10.26
Soc Generale 5¼ 90 XW	0⅛	99¾	100	9/5	10.31	10.33
Sweden 5¼ 2003 $	0⅛	99⅝	99⅞	17/5	10.19	10.21

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4½ 95	2/84†	1080	98½	99	–	–
Bridgestone Tire 5½ 96	3/82	479	141	142½	−0½	9.00
Canon 7 97	7/82	680.2	239¼	241⅛	−5⅝	−2.86
Daiwa Sec Co 5½ 98	10/93†	481.8	104	105½	+4½	1.49
Fanuc 3¾ 98	1/84	8142	121⅞	122⅞	−3⅝	8.98
Hitachi Cable 5¼ 96	2/82	919	121½	123	−3	−2.30
Honda Motor 5⅞ 98	6/83	884	131¼	132¼	−2⅜	1.19
Honda Motor 5½ 91	3/83	759.9	148⅞	150⅜	−3⅛	−1.74
Konishiroku Photo 4 89	18/83	673	102½	103¾	−0¾	7.14
Kyowa Hakko 9¼ 97	2/83	762	120	121½	+0⅜	14.19
Minebea Co Ltd. 5½ 98	5/83	667	112¾	113¾	−1¾	−0.60
Mitsubishi Electric 5¼ 88	8/83	395	112⅝	114⅛	−1	3.35
Mitsubishi Heavy 4⅞ 99	1/84	263	107⅜	108⅜	−0⅜	0.93
Nippon Electric 5¼ 87	2/82	765.9	187	196	−0⅛	−3.04
Nippon Oil Co 5½ 99	4/83	964	110⅛	110⅛	−0½	0.28
Nissan Motor 5¾ 93	4/83	700	111¼	112¼	−0½	1.17
Olympus Optical 6¾ 91	12/93	1157	112⅞	114⅜	−3⅝	8.45
Orient Leasing 5¼ 98	6/93	2680	103¾	104⅝	−2¼	1.79
Secom 5 98	11/83	2920	156¼	157⅝	−4⅜	−4.55
Yamaichi Sec Co 5 98	8/93	449.5	104¾	105¼	+5⅛	2.87
Yamanouchi Pharm'cal 4 96	10/83	1808	103⅛	104⅛	−0¼	27.25
Bridge Oil 4¾ 93 SF	3/84†	3.43	110¼	112¼	+0⅝	21.23
Toshiba 2¾ 94 SF	1/84†	391	115¼	117¼	–	2.17
Asics 5 92 DM	12/93	520	119¼	120¼	0	3.38
Konishiroku 6⅞ 88 DM	6/83	910	125⅝	126⅝	+3	−1.80
Sun Realty 9¼ 92 DM	2/83	365	139⅝	140⅝	+5¾	−2.32

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield at redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; $ above mean rate) for U.S. dollars. C.cpn. – current coupon. Co. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Instant success for equity-linked Murata offering

BY MARY ANN SIEGHART IN LONDON

MURATA Manufacturing, the Japanese electronic component manufacturer, launched its long-awaited $100m convertible in the Eurodollar bond market yesterday amid great investor enthusiasm.

The 15-year, par priced bond has an indicated 4 per cent coupon with a conversion premium of around 5 per cent and is led by Nomura International. It soared to a price of around 103, giving co-managers who received the 2½ per cent front-end fees an immediate profit of over 5 per cent on the deal.

Dealers put the success of the issue down to the performance of the Tokyo stock market and to currency considerations. However, several more Japanese equity-linked bonds are lined up for this month, including an issue with warrants from Nissbo Iwai later this week, so premiums may not remain so high for long.

Den norske Creditbank will be launching a $50m bond today through S. G. Warburg and Bankers Trust International. The seven-year issue has an 11¾ per cent coupon at par and included with each bond is a four-year warrant to buy a seven-year, 11¼ per cent bond at par. If the value of the warrant is assumed to be between $12 and $15, the yield on the original bond turns out to be around 12 per cent.

Like most fixed-rate bank issues, the proceeds will be swapped for floating-rate dollar debt.

The dollar secondary market was surprisingly quiet yesterday, with the New York market giving it little lead. Prices closed more or less unchanged.

SHF Bank bond average		
Jan 9		Previous
98.121		98.230
High	1983/84	Low
102.017		97.699

In Germany, the European Economic Community issued an eight-year, DM 200m bond with an 8 per cent coupon at a price of 99. Deutsche Bank is leading the deal, which traded well in the market at a discount of around ¾ point. Investors were apparently attracted by the maturity, which was shorter than the market had expected.

News Corporation's 10-year bond was priced as indicated by Soditic yesterday. It has been given a coupon of 6¼ per cent at par. Mr Rupert Murdoch, chairman of the company which is currently involved in a takeover bid for Warner Communications, was in Geneva yesterday to talk about the issue. He said that the proceeds would be used for current capital and were unconnected with the Warner deal. The amount may be increased to as much as SwFr 200m.

Turnover was lower in both Switzerland and Germany yesterday. Prices of Swiss franc bonds closed unchanged to slightly better, while in the D-Mark sector, prices eased off by about ¼ point.

ENI seeks Ecu loan to replace dollar debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ITALY's state energy concern, Ente Nazionale Idrocarburi (ENI), plans to raise an Ecu 250m syndicated loan to prepay some of its dollar debt.

The loan is believed to be the largest international financing ever to be denominated in Ecus, the currency basket of the European Economic Community. The Italian Government has raised two tranches of Ecu-linked bonds in recent years, totalling Ecu 500m apiece, but they were mostly placed with resident investors.

The ENI deal, however, testifies both to the growing use of Ecus for private commercial transactions and to the desire of international borrowers to reduce their dependence on an appreciating U.S. dollar. "For an Italian company, Ecus are a much better borrowing vehicle than dollars," Sig Siro Bassani, ENI's financial operations director, said in Rome yesterday.

Sig Bassani, who recently joined ENI from the Olivetti office equipment group, explained that ENI wants progressively to reduce its $6bn dollar-denominated debt through borrowings in Ecus, other non-dollar currencies and lire. Last year ENI raised a L1,000bn credit from the domestic Italian market.

No mandate for the new credit has yet been awarded, but ENI has begun to sound out banks on a deal split into a five-year and an eight-year tranche, both of which are expected to carry an interest margin over money-market rates of ½ per cent initially, rising later to ⅝ per cent.

Interest in the deal is reported to have been keen, even from Japanese banks, which have sometimes expressed reservations about Ecu business. Morgan Guaranty, which accepts Ecu deposits at its Brussels branch, is one bank expected to figure in the lead management group.

The Italian authorities have been among the keenest promoters of the Ecu as a vehicle for private transactions in recent years, but part of the attraction of the ENI deal rests with the fact that ENI, as a multinational corporation with sales equivalent to $30bn, is not generally considered pure Italian risk. Some banks are expected to be anxious to participate because ENI can offer lucrative ancillary business in areas such as foreign exchange.

SECTION IV

FINANCIAL TIMES SURVEY

Asian Aviation

Despite a worldwide economic recession the market for civil aviation throughout Asia has been expanding faster than anywhere else. This growth is expected to continue to the end of the century, generating a demand for aircraft of all kinds as well as for new airports and other ground facilities

Transport link vital in difficult terrain

THERE ARE many factors contributing to the strong growth of the civil aviation sector in the Asian and Far Eastern regions. The most significant is that the geography of these regions and their physical characteristics combine to make them ideal for the development of aviation in all its forms.

By MICHAEL DONNE
Aerospace Correspondent

The area is vast, covering many thousands of miles from Pakistan to the islands of the Pacific, and from the Soviet Union, North Korea and Japan in the North to Australasia in the South. It encompasses many countries of widely differing sizes, economic strengths and cultural characteristics, and many different political and social complexions.

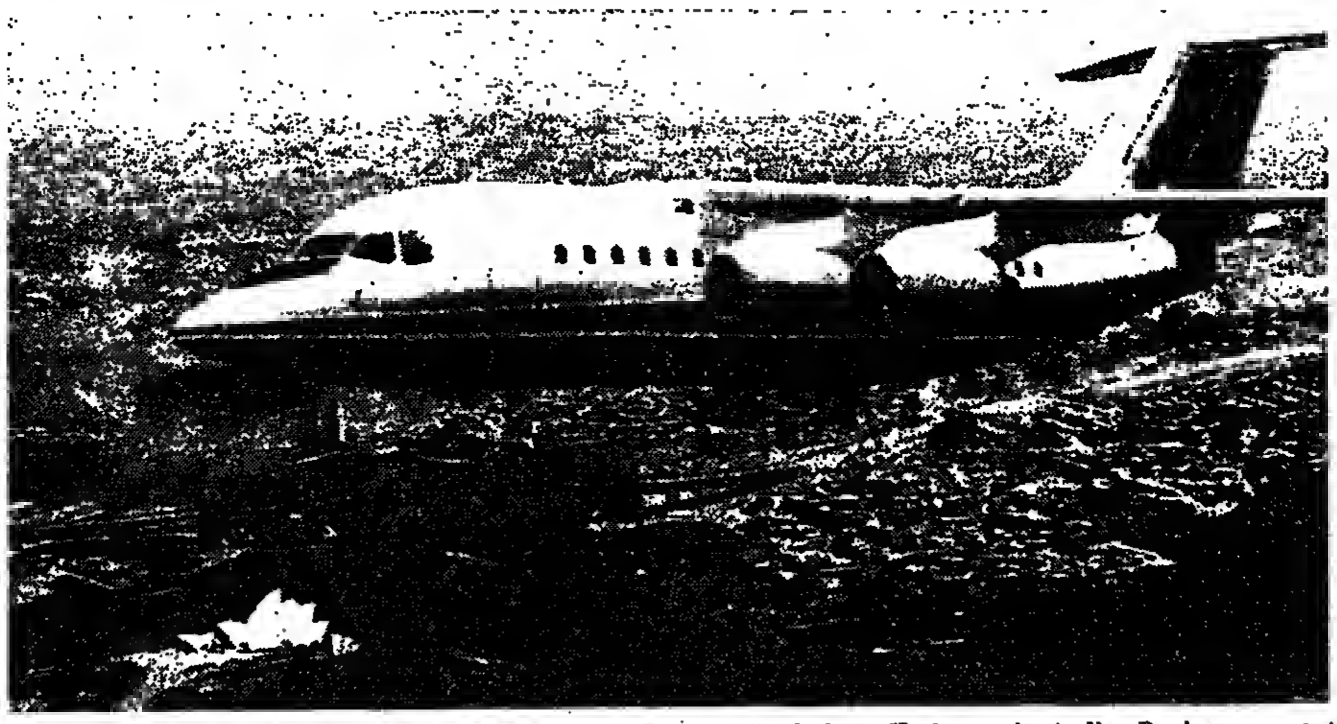
Because of both the large areas of water to be crossed, and the difficult nature of much of the terrain, with mountains and jungles, air transport has proved to be the cheapest and most rapid means of establishing vital links between countries and communities that might otherwise have remained more isolated. As Mr Knut Hammarskjold, director-general of the International Air Transport Association, has commented: "A mile of road leads nowhere, but a mile of runway leads everywhere."

In many parts of those regions, the costs and time involved in building modest but adequate airports, buying suitable aircraft, and providing the essential ground support for aviation are minimal compared with the huge expense of constructing and maintaining road and rail networks. In some countries in those regions, the terrain is totally unsuitable for surface systems, and the aeroplane is the only effective means of transport, whether by the big, modern Jumbo jet or the smallest single-engined "island hopper."

The development of civil aviation in the Asian and Far East regions has been a long and difficult task over the period since the end of the Second World War, and it is still very far from complete.

Disparate

Within the regions, it is possible to find at one end of the scale big, flourishing international airlines such as Air-India, Cathay Pacific, China Airlines, Garuda Indonesia, Japan Air Lines, Malaysian Airlines System, Philippine Airlines, Singapore Airlines and Thai International, while at the other there are some of the world's smallest "bush" operators, often equipped with no more than one or two light aircraft but fulfilling a vital role in linking remote communities.



The British Aerospace 146 demonstrator aircraft, flying over Sydney Harbour, Australia. During a recent extensive demonstration tour of Asia, the Far East and Australasia, the 146 showed its great suitability to serve in the difficult terrain conditions of those regions

At the same time, it is possible to find equally disparate standards of ground infrastructure facilities, from modern airports such as Changi in Singapore and Nakita near Tokyo, to small huts alongside grass strips on remote islands or in jungle territory.

Other factors contributing to the rapid growth of civil aviation in those regions have included the positive measures adopted by governments to promote tourism, based on the strong cultural backgrounds of the peoples of the regions. At the same time, throughout the post-war period, there has been substantial progress in developing trade, and technical and economic co-operation, while social and political relations in many countries have also improved.

The big airlines and smaller air transport operators in the regions have consistently been less regulated by their governments than many of their counterparts in other regions of the world, such as Western Europe, so that among many of them there has been an aggressive and competitive approach to the development of air services. This has resulted in the comparatively rapid emergence of major airlines from small beginnings.

One significant aspect of this development is that, by comparison with Western airlines, some of the operators in the regions have grown to be much bigger in relation to either the population or the Gross Domestic Product of their home country—one classic example being Singapore Airlines. At the same time, the levels of service to passengers are recognised as being among the biggest in the world, again with Singapore Airlines a major example.

Although the worldwide economic recession has had an impact on civil aviation in the area air transport growth nevertheless has been dramatic by comparison with other parts of the world. The International Civil Aviation Organisation (the aviation technical agency of the UN), in its Economic Review of World Air Tranpsort, 1972-82, said that over that decade (which included several good years before the recessinn began to bite), while the average annual worldwide growth rate for international air traffic was 9.6 per cent, for seven States the rate was over 20 per cent.

They included six countries in the Asian and Far Eastern regions—Malaysia (57.3 per cent annual growth), Republic of Korea (34.5 per cent), Singapore 134.3 per cent), Indonesia 124.6 per cent), Thailand (24.4 per cent) and the Philippines (20.2 per cent). The seventh State, outside the regions, was Saudi Arabia with 33.7 per cent.

Traffic growth

For the period immediately ahead, civil aviation growth rates seem likely to be lower, but still substantial compared with those likely to be achieved elsewhere in the world. The IATA, many of whose members emanate from or fly to and through Asia and Far East, forecasts that, in the period up to 1988, the major countries in those regions will continue in general to have a more positive economic growth than other parst of the world, which will be reflected in the expansion of civil aviation.

Passenger traffic growth *within* those regions is likely to average between 7 and 8.5 per cent a year, with cargo traffic growth averaging about 7 per cent. These compare with overall IATA forecasts of an annual average passenger traffic growth of 4.4 per cent worldwide up to 1988, and with a 5.3 per cent annual average growth for cargo.

The detailed IATA forecasts for traffic expansion both within the regions, and between them and other major reginns of the world, are given in the accompanying table. But even if those growth rates are lower in future than they have been in the past, they will still be substantial by the world air transport industry's standards.

Recovery

The factors behind this anticipated continued expansion have been outlined recently by the Orient Airlines Association, which includes among its members some of the biggest airlines based in the region. Some OAA members are also members of the IATA, but some (such as Singapore Airlines) are not.

The OAA, analysing the immediate outlook, suggests that the modest economic recovery in most industrial countries during 1983 is likely to continue into 1984, with lower interest rates, returning consumer confidence, moderating fuel prices, lower inflation,

CONTINUED ON NEXT PAGE

CONTENTS

Vital transport link

CONTINUED FROM PREVIOUS PAGE

and increased productivity due to modernisation.

"In the Asian region," the association says, "governments are engaged in enfusing their foreign investment policies with additional and almost irresistible lures. The vast natural resources base, and relatively stable political climates in most Asian developing countries are helping governments push their promotional campaigns for foreign investment.

"Providing the representative example in the region are the ASEAN countries. All these countries offer attractive foreign investment policies, and are engaged in sending missions abroad to make known such policies."

The OAA lists a number of major factors that it believes will tend to influence and benefit travel growth in the regions in the immediate future. These include:

(a) The comparatively new industrial (and civil aviation) infrastructure in the Asian region, which provides facilities that in many cases are better than those offered by Western countries;

(b) Growing urbanisation will positively influence pleasure travel;

(c) Changing lifestyles, modernisation, higher education levels and more leisure time;

(d) More "packaged tour" type travel arrangement at attractive prices;

(e) A reduction in the real cost of air travel (as a result of the introduction of much modern and cost-efficient jet and other equipment);

(f) Increased business travel by citizens of newly-developing countries;

(g) Continued government support for tourism, based on the strong cultural traditions of many countries in the regions;

(b) Newly-emerging trade opportunities with the People's Republic of China; and

(l) Improved trade, technical and economic co-operation among Asian countries.

Against these, there will be some adverse factors, including the slow recovery from world recession, and the problem of rising infrastructure costs, such as the cost of transport, hotels and food.

Airlines in the regions are also not immune from the problems that bedevil the airline industry in other parts of the world—the problems of inflation; currency fluctuations; excess capacity and fierce competition in de-regulated markets; low fares due to slow government approvals for fares increases in regulated markets; rising aircraft equipment prices; and high interest rates.

The OAA has forecast that its members' collective revenues will amount to about \$3.66bn in 1983, having risen from about \$2.58bn in 1980, with an operating deficit of \$127m in 1980 being turned into an operating surplus of \$36m.

But because these airlines' fleets have been consistently expanded in recent years, with a steady inflow of modern jet equipment of all types, from Stretched Upper Deck Jumbos through to small Boeing 737s, the operators in those regions are carrying heavy interest burdens, which have risen from about \$189m in 1980 to an estimated \$292m in 1983.

As a result, the overall combined financial results of the airlines in the OAA have shown a heavy deficit after interest, which is expected to amount to \$256m for 1983. The target of earnings required to meet dividends, taxes, retained earnings and contingencies, is estimated at \$226m for 1983, so that the forecast overall deficit for OAA airlines for 1983 is some \$482m.

There are other problems. In some parts of Asia and the Far East, there are difficulties with over-flying rights in politically sensitive areas. This was dramatically highlighted by the loss last September of the Korean Air Lines' Jumbo jet, shot down by Soviet fighters when it strayed into Soviet air-space en route from Anchorage to Seoul.

There are also problems between some Western countries and countries in the regions over traffic rights, as indicated by the Singapore-West German difficulties of 1983, and the growth of protectionism by some countries in the regions which are affecting the development of intro-regional air services, and even hindering the provision of additional long-haul services to Western Europe and the U.S.

Finding the cash

Another difficulty in the future is likely to be finding the cash to continue the development of the ground infrastructure—airports, air navigation and air traffic control facilities, and for the extensive training of the growing numbers of personnel needed.

It is estimated, for example, that nearly half of the \$80bn likely to be spent on new airports throughout the world up to the end of this century will be spent in Asia and the Far East. While governments have been prepared, and are likely still, to support the development of civil aviation in the regions, there will continue to be a need for financial support from countries outside the regions.

The IATA recognised some time ago that many of the smaller airlines in the poorer countries of the world needed help in developing their skills, and accordingly set up the Programme for Developing Nations' Airlines (PDNA).

This is now well into its stride, and among the types of assistance being offered to developing countries, including those in Asia and the Far East are training programmes run by the bigger airlines across the entire spectrum of civil aviation, including aircraft engineering and maintenance, marketing, and ticketing and general passenger handling.

In some instances, the assistance that can be provided is even more fundamental, for example in advising newly-created airlines, or authorities interested in establishing airlines, on how to proceed in formulating their requirements and finding the necessary financial and even managerial support through the various organisations and agencies that can provide it.

One such agency is the ICAO itself, whose technical assistance programme, financed through the UN's Development Programme (UNDP), has spent \$300m on over 600 projects worldwide to help improve the technical infrastructure of civil aviation, including the provision of civil airports, and en route and air traffic control facilities, as well as the technical training of personnel.

Together with various trust funds (under which international governments finance in whole or in part the costs involved), and cost-sharing (a combination of UNDP and government funding), the total ICAO technical assistance programme runs close to \$80m annually, with ventures in many parts of the world. New civil aviation national training centres established under this programme in Asia and the Far East include those in Bangladesh and the Philippines, with the expansion of national training centres in such countries as Pakistan, and of regional training centres in Indonesia, the Philippines, Singapore and Thailand.

In addition, the IATA itself is making progress with its plan to set up an International Training Fund for Developing Nations' Airlines. This fund, to be sponsored by companies, organisations and individuals directly or mainly concerned with commercial aviation, will be used to help in the training and education of airline management staffs from developing countries where *financial resources are limited* or even non-existent. The aim is to have this fund operational early in 1984.

The aim of all these ventures is to ensure that civil aviation in developing countries, including those in Asia and the Far East, matures swiftly and smoothly.

TRAFFIC GROWTH IN ASIA AND FAR EAST TO 1988

(International Air Transport Association forecasts)

Number of passengers (000s) and annual growth rates (%)

Between	Actual 1982	%	Forecasts 1983	%	1984	%	1985	%	1988	Average annual growth 1983-88 %	1986-88 %
Europe-Indian sub-continent	1,209	6.6	1,257	4.0	1,320	5.0	1,399	6.0	1,620	5.0	5.0
Europe-SE Asia	938	5.6	985	5.0	1,044	6.0	1,107	6.0	1,318	5.8	6.0
Europe-NE Asia	284	2.0	295	4.0	313	6.0	335	7.0	399	5.8	6.0
Europe-Japan	1,008	4.8	1,048	4.0	1,111	6.0	1,167	5.0	1,351	5.0	5.0
Middle East-Indian sub-continent-Asia-Japan	3,473	16.3	3,751	8.0	4,126	10.0	4,497	9.0	5,665	8.5	8.0
Afries-Indian sub-continent-Asia-Jepan	329	3.0	342	4.0	359	5.0	381	6.0	454	5.5	6.0
Europe-SW Pacific	682	−3.4	689	1.0	709	3.0	738	4.0	854	3.8	5.0
Middle East-SW Pacific	14	0.3	14	2.0	15	4.0	16	5.0	18	4.3	5.0
North Ameries-Far East	2,878	−3.9	3,051	6.0	3,264	7.0	3,461	6.0	4,121	6.2	6.0
North America-SW Pacific	894	−6.6	876	−2.0	937	7.0	1,003	7.0	1,195	5.0	6.0
Within Far East-SW Pacific	8,469	5.1	9,062	7.0	9,696	7.0	10,375	7.0	12,710	7.0	7.0

Freight tonne volumes (000s) and annual growth rates (%)

Between	Actual 1982 Vol.	%	Forecasts 1983 Vol.	%	1984 Vol.	%	1985 Vol.	%	1988 Vol.	Average annual growth 1983-88 %	1986-88 %
Europe-Indian sub-continent	107.4	8.4	114.3	6.5	121.8	6.5	129.1	6.0	151.5	5.9	5.5
Europe-SE Asia	50.6	−6.5	53.4	5.4	56.9	6.5	60.8	7.0	74.6	6.7	7.0
Europe-NE Asia	31.2	26.7	33.6	7.6	36.3	8.0	39.2	8.0	48.0	7.4	7.0
Europe-Japan	93.7	1.8	98.8	5.5	104.7	6.0	111.0	6.0	130.3	5.6	5.5
Middle East-Indian sub-continent-Asia-Japan	98.4	12.6	108.0	9.8	116.7	8.1	126.2	8.1	156.2	8.0	7.4
Africa-Indian sub-continent-Asia-Japan	4.4	−23.6	4.5	3.6	4.8	4.8	5.0	5.6	6.1	5.6	8.5
Europe-SW Pacific	10.5	5.2	16.8	1.9	17.4	3.6	18.2	4.3	21.0	4.1	5.0
Middle East-SW Pacific	6.1	−9.5	6.1	0.0	6.2	2.0	6.4	4.0	7.4	3.3	5.0
North America-Far East	268.1	6.6	289.1	7.8	307.6	6.4	327.2	6.4	383.0	6.1	5.4
North America-SW Pacific	59.2	8.1	60.3	1.8	63.3	5.0	67.3	6.3	80.8	5.3	6.3
Within Far East-SW Pacific	251.0	6.9	286.6	7.0	287.4	7.0	307.5	7.0	376.7	7.0	7.0

Thanks largely to the development of air services tourism has become a major element in many Eastern economies

Far away places become tourist centres

ASK MOST Europeans or Americans to consider that intriguing triangle of the globe's surface which has Rangoon, Tokyo and Auckland as its outer points and they would conjure up images of mystery and excitement. It is a region which has long held a fascination for residents of more dour territories of the globe. And yet it has taken a long time for that fascination to be translated into an acceptance of the Pacific South East and its surrounds as a serious holiday destination.

It was too far away; too little geared to sybaritic northern hemisphere tastes; altogether too mysterious by half. These were lands for travellers and adventurers, not the sun, sand and sightseeing set.

Well, life has moved on a bit. First the 707 and then its wide-bodies successors opened the air routes and halved the journey time. Then a region which already boasted the Mandarin, the Peninsula, the Manila and, in grander days, Raffles, proved that it could further out-do Europe when it comes to hotel-keeping.

Now tourism is a major feature of the economies of many nations in the region, and it looks like increasing in importance.

Putting aside the "travellers" for a moment, the intrepid wanderers who ventured, and still venture, into distant interiors and are happy to share a dusty floor with whatever animal life may have wandered in, the real growth in tourism over the past decade has been in "gateway" visits. It is only now that the tourist business is developing in depth, with its accompanying excitements and dangers.

The gateway visitors, which probably form the greatest number even now, confine themselves to the obvious prime ports of call. It is to them that Singapore, Hong Kong, Bangkok and, to some extent, Tokyo, owe their success. In more recent years there has appeared a willingness among visitors to venture out from these cities allowing the Thais, for example, to expand their resort facilities; the Australians to see that they have enormous tourist potential from visitors other than friends and relations; and those countries which do not have attractive capitals, such as Indonesia and the Philippines, have been able to market the undoubted delights of their other areas.

There is no doubt that a vast improvement in air services in recent years has provided the greatest stimulation to tourism in the region. The emergence of new routes, and the arrival of new (well, new to the northern cities which they now serve) airlines has been crucial. Hand in hand with the expansion of services has been a substantial lowering of fares in real terms and, with Australia as the classic example, a liberalisation of air policy which has allowed differing fare structures aimed at differing markets.

Second prong

The second prong of the growth in tourism has been the recent explosion of hotel development. The rash of building that started in Hong Kong and Manila has spread first to Singapore and more recently to Bangkok—where Mandarin and Peninsule are once again locked in a battle to be the best.

At the same time the cruise companies have found a valuable market in the northern winter for their ships. Here there is still something of an education job to be done, however. Many passengers do not seem to realise the sheer expanse of the area and think that Bali, Sydney, Hong Kong, Singapore and Osaka can be encompassed in a week like the Greek Islands or the southern Caribbean.

Such thinking has some unfortunate commercial effects at times. Just as the riots in Paris in the late sixties hit European tourism as a whole from the U.S., and the Grenada affair is curbing enthusiasm for the Caribbean at the moment, so instability in one country in South East Asia tends to have an effect on the tourist revenues of others, even huge distances away.

Putting that sort of potential, but usually temporary, hiccough aside for a moment, however, it is clear that the potential for touristic growth in the region continues to be huge.

The only serious hindrance to such growth might be a reversal in the current brighter economic outlook in the developed Western world, or anything that suddenly raises fuel prices, and thus air fares, to a region which is utterly dependent on air travel for its holiday-making traffic.

In the medium term the problem is not resources— they are there in abundance tempting the visitors—but facilities. Although hotel development recently has been rapid, the need for more of it, particularly out of the major cities, is considerable. But, like the chicken and the egg, the hotels will not be built unless there are customers, and the customers won't come unless there are hotels. Hotel investment requires large amounts of money, and hotel investors tend to be hard-nosed about their cash.

Even in an area known for its skills and inexpensive labour a hotel built to international tourists standards these days is unlikely to cost much less than \$25,000 a room plus land.

But the international and local groups—Hilton, Hyatt, Sheraton, Peninsula, Meridien and Holiday Inn among them—are finding that investment money is, nonetheless, more forthcoming now that the visitor boom is seen to be a permanent feature of local commerce.

What impact such continued growth will have on the local communities is going to be interesting to watch. There is an inevitable rise in incomes and employment and substantial overall economic gains. But the region is blessed with hundreds of small, particularly island, communities with fragile social structures. These could be destroyed for ever.

Arthur Sandles

CONFERENCE AND EXHIBITION

Promoting Asian aviation and aerospace

THIS SURVEY is published to coincide with the Financial Times third conference on Aerospace in Asia and the Pacific Basin at the Shangri-La Hotel, Singapore, on January 16 and 17 and the Second Asian Aerospace Exhibition at Changi Airport, Singapore, from January 18 to 22.

● The conference will consider civil aviation developments throughout the area and keynote speakers will include the chairmen and chief executives of many airlines in the region as well as representatives of aerospace manufacturers, government regulatory agencies, financiers and others.

● The exhibition, organised by ITF Pte. of Singapore, is supported by the Singapore Economic Development Board. The participants will include more than 400 companies in the world's aerospace industries, including nearly 40 companies from the UK who will be exhibiting under the auspices of the Society of British Aerospace Companies, with several others participating independently.

Deficiencies in indigenous design and manufacture are likely to be rectified soon, says **Michael Donne**

Vast market continues growing rapidly

AS A MARKET for aircraft of all kinds, Asia and the Far East is one of the biggest in the world. Yet, so far, largely because of the heavy investments involved, it is one of the most limited areas of the world for aeronautical design, development and manufacture, although this situation shows signs of being rapidly changed in the remaining years of this decade.

Boeing, the world's biggest jet airliner manufacturer, says that in the period 1952 to 1981, the Asian and Far East regions accounted collectively for about $23.2bn-worth of jet airliner sales, or about 14.8 per cent of the world total of $156.7bn (measured in constant 1983 dollars) largely because of the growth of the big airlines.

The expansion of traffic in those regions in the coming decade is expected to result in *spending by the airlines* of about another $28.3bn on new jet equipment, representing about 18.8 per cent of the total forecast world market of $151.3bn (also measured in constant 1983 dollars).

Already in 1983, some of the biggest new jet orders ever placed have come from Japan Airlines, Qantas and Singapore Airlines.

These figures cover only jet transports, of the Boeing 737 and McDonnell Douglas MD-80 size and upwards to the very biggest Stretched Upper Deck Jumbo jets.

To the figures, however, must be added the very large amounts of money that will spent upon the smaller types of transport aircraft that are ideally suited to the needs of the regions.

These types range from the small ten-seat Pilatus Britten-Norman Islander twin-engined transport up to the newer designs of 30 to 40-plus seater regional airliners, such as the Short 330 and 360, the Saab-*Fairchild 340* and the Aerospatiale-Aeritalia ATR-42, the Embraer (Brazil) Brasilia and the new Fokker F-50 derivative of the existing Fokker F-27, as well as the new, bigger 100-seater jet types, such as the British Aerospace BAe 146 and the new Fokker F-100 derivative of the existing F-28 Fellowship.

So large are the regions involved, and so widespread are their aviation needs likely to be, that virtually every type of small, light transport regional, commuter and short take-off and landing aircraft it is possible to find can be expected to be sold there in the years immediately ahead.

It is impossible to quantify precisely the numbers of aircraft involved and the likely levels of spending in those categories, but they are likely to amount to many hundreds of aircraft and many billions of dollars. The vast scope of the potential market is also the reason for the intense interest being shown in Asia and the Far East by the world's major aerospace manufacturers.

While there are many skills to be found throughout the regions in the maintenance, repair and overhaul of aircraft, actual aerospace manufacture is limited to a bare handful of industries, primarily in Australia, China, India, Indonesia and Japan. Some countries, such as Singapore, are anxious to develop their aerospace skills, and all are keenly interested in the longer-term possibilities of aerospace development.

Much of this interest is centred inevitably on military aircraft development, but there are signs of growing interest in commercial aircraft design, development and manufacture, especially of the smaller, lighter and less expensive types of regional transport aircraft which are highly suited to the requirements of the regions. At this stage, the development of the bigger turbo-prop and jet airliners is *limited*, with only China undertaking its own jet project, the Y-10, and the Japanese industry making parts for the Boeing 767 while remaining interested in longer-term joint participation in such Western ventures as the projected 150-seater airliner.

The Japanese aerospace industry is already by far the strongest in Asia and the Far East, producing (frequently under licence from the U.S.) a wide range of military fixed-wing aircraft and helicopters. The commercial aircraft manufacturing side of the Japanese industry hitherto has been confined both to smaller types of aircraft, such as the 60-seat YS-11 twin-turbo-prop airliner but, more recently, Japan has expanded its activity by manufacturing fuselage and other parts for the U.S. Boeing 767.

The Japanese industry is also interested in the eventual development of a new jet airliner, the YXX in the broad 150-seater category, but this may be compounded into participation internationally in development of such an aircraft with other manufacturers, either with Boeing on the projected "7 Dash 7" or with Airbus Industrie of Western Europe on the A-320.

At the same time, however, Japan is interested in other developments of its own.

One of these is the Shin Meiwa SS-2A amphibian, which is intended primarily for search and rescue duties, but about which it is felt that, because of the very large number of islands throughout the Asian and Far Eastern regions, eventual demand for a commercial passenger amphibian aircraft could be very high. Interest in such a development remains strong.

At the same time, the Japanese National Aerospace Laboratory is continuing work on development of a Quiet Short Take-off and Landing (Qstol) transport research aircraft, with a first flight due in 1984. The data obtained from this programme will enable the NAL to develop, in co-operation with the industry, a commercial Stol transport aircraft able to operate from comparatively short runways and carrying up to 150 passengers a time. The plans envisage development of such an aircraft to be completed by 1990.

Another major and growing manufacturer of aircraft in Asia and the Far East is P. T. Nurtanio of Indonesia, under the direction of Prof Dr-Ing B. J. Habibie. Nurtanio is already building the C-212 Aviocar twin turbo-prop light transport under licence from CASA of Spain, and this is selling well throughout South-East Asia. Nurtanio is now also building the Airtech (Aircraft Technology Industries) CN-235 twin turbo-prop 40-passenger commuter and utility transport, also in conjunction with CASA, which is likely to find major markets throughout the region.

By late 1983, combined Spanish and Indonesian orders for the CN-235 amounted to well over 100 aircraft, from customers in both countries and from as far afield as Puerto Rico and Argentinia.

Among other transport aircraft manufactured in the region is the Australian Nomad, a twin turbo-prop short take-off and landing utility aircraft for a wide variety of missions, ranging from cargo transport to coastal patrols. However, production of this aircraft by the Government Aircraft Factories is due to end in 1984, with the completion of 170 aircraft. But the Australian industry continues to make parts for Western jet airliners such as the Boeing 727 and Fokker F-28, and there is interest in possible participation in the prospective new 150-seat airliners now planned in the West, the Airbus A-320 and Boeing "7 Dash 7."

In India, manufacture of commercial aircraft has hitherto been limited to the manufacture of the British Aerospace BAe 748 in various versions at the Kanpur Division of Hindustan Aeronautics.

Singapore, although it currently has no indigenous aerospace manufacturing capability, is nevertheless anxious to develop its aerospace skills, especially in the manufacture of parts and highly-specialised equipment such as electronics, for which the labour force is highly suited.

The very heavy investments that are required directly to to undertake the development and manufacture of transport aircraft will probably limit such developments to joint ventures with other countries, and there have already been exploratory discussions with a number of major Western aerospace manufacturers on such

CONTINUED ON NEXT PAGE

More, better and larger airports on the way

SOUTH-EAST ASIA and the Pacific basin are becoming two of the most important regions of the world in the *rapid development of air transport* and its associated infrastructure of airports, terminals and airfields.

In the past ten years the Asia and Pacific region has more than doubled its share of world air travel, from 13 per cent in 1972 to 26.4 per cent last year. This is largely a result of the area's high annual growth rate; at 17.7 per cent it is the highest of any region in the world over the period.

The rapid growth has put the Asia and Pacific region in second place, after Europe, in terms of the region's share of world air travel. Europe accounted for 38.4 per cent of air travel in 1982.

Within the broad area of Asia and the Pacific, air traffic within the Far East and the South-West Pacific area accounted for 6.7 per cent of international scheduled passengers last year, according to the International Air Transport Association. This share is forecast to rise to 7.8 per cent in 1988.

The performance of air transport operators in the region in terms of international passengers carried has generally been above that of air transport operators *elsewhere* in recent years.

IATA traffic forecasts for the region show strong growth in international scheduled passengers, at about 7 per cent a year in the five years to 1988. The association regards the prospects for this area as among the best in the world for continued growth in passenger volume.

These optimistic forecasts for passenger traffic growth suggest that there will need to be a major increase also in demand for more, better and larger airport facilities.

It has been estimated that about half of the $80bn that is expected to be spent world-wide on new airports by the end of this century will be spent in Asia and the Far East.

While some part of this will be spent on the development of major new airport "hubs" in strategic locations, probably by far the greater part of it will be spent on the development of new smaller airfields or strips, and the improvement of existing ones, that can bring the benefits of civil aviation to an ever widening proportion of the population of these vast *regions*.

The precise number of airstrips throughout Asia and the Far East is difficult to quantify, but it runs into many hundreds, if not thousands. Many of them are grass strips on islands serving remote communities, and most of those do not have any aids, such as runway lighting or even radio links or radar.

Modernising such strips is one of the primary tasks ahead in developing the ground infrastructure throughout Asia and the Far East and is likely to take many years to complete.

These tasks are vital not only for the long-term economic development of the regions, but also for their socio-political development. Air transport throughout those regions is already substantially based on the use of small, light transport aircraft of the "bush operator" type, which are the most suitable for many of the aviation links required.

The big, international airlines are at the very pinnacle of the air transport pyramid. While these generate most publicity, and provide the major international links, the under-pinning that stems from the smaller *regional* and local-service operators is just as significant for the long-term overall aeronautical development of one of the world's most rapidly growing regions economically.

The provision of adequate facilities for them, therefore, is just as vital as is the provision of big airports for the Jumbo-jet airlines.

This is likely to be especially so in the outlying areas of the region, where the national governments seek better domestic communications and also better communications with neighbouring countries. The countries with a high potential for further airport developments, especially of smaller airports and airfields, include Indonesia, Malaysia and countries on the mainland of Asia.

Indonesia already has a growing aircraft manufacturing industry and is a likely country for further airport developments, as attempts are made to improve communications within the country's widely spaced archipelago.

Other factors contributing to the need for more airport capacity and more up to date *facilities* include efforts by governments in the area to promote tourism; improved trade, technical and economic co-operation among countries of the region, as exemplified by the Orient Airlines Association; and the demand from the Middle East for Asian labour to work on construction projects.

At the same time airlines have increased their seat capacity with the introduction of more wide-bodied aircraft on routes in South-East Asia and the Pacific basin. Seating capacity rose by 8.5 per cent to 57.5bn seat kilometres in 1982, compared with 1981, partly because wide-bodied aircraft replaced narrow-bodied airliners.

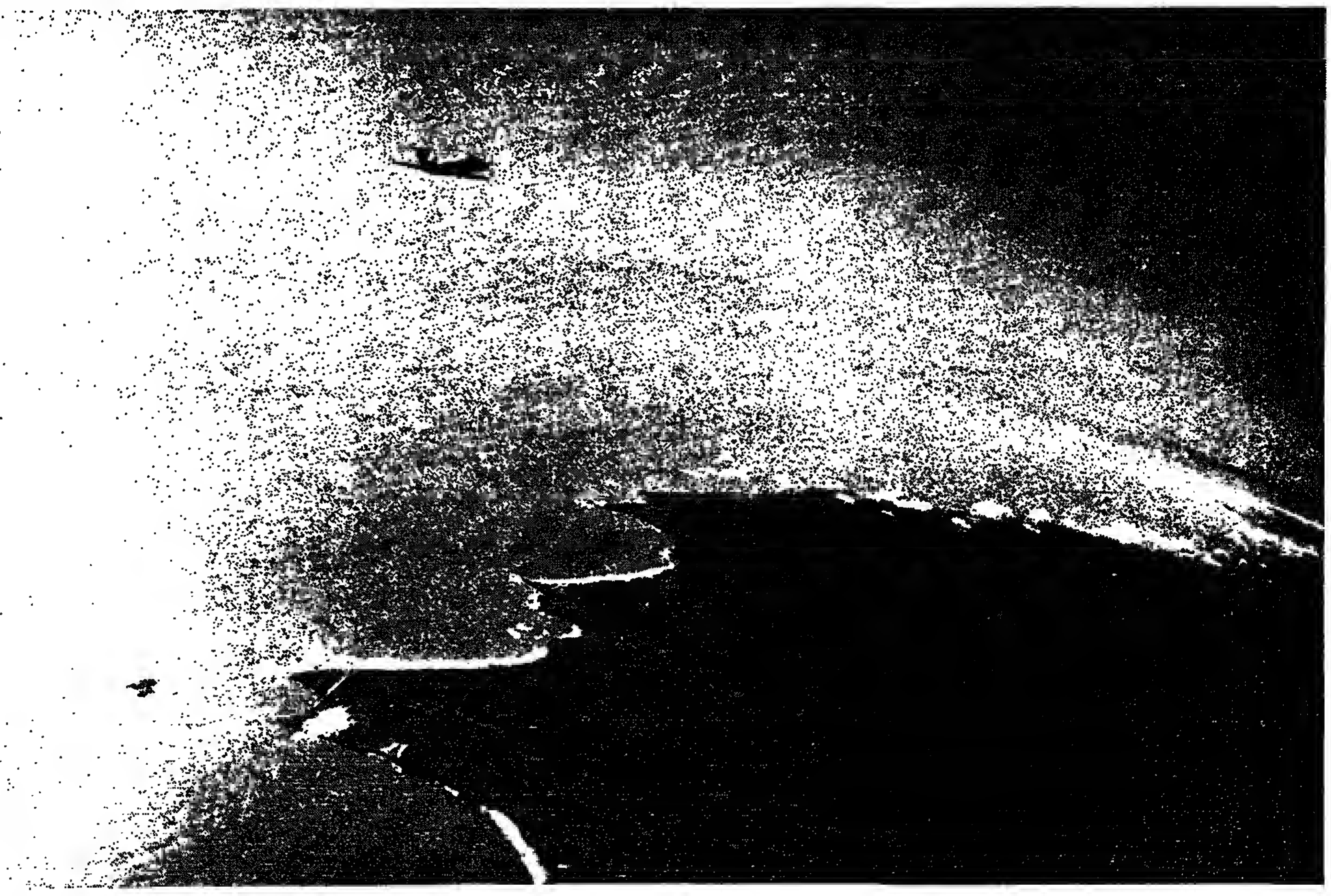
Cargo traffic has also expanded, with an 8.7 per cent growth in cargo/ton kilometres as airlines introduced all-freighter aircraft and expanded the use made of mixed passenger, cargo airliners. Increased trade opportunities with the People's Republic of China are likely to increase further the level of cargo traffic in the region and expand the need for appropriate air cargo handling facilities at airports in the region.

The most recent new development in airport capacity in South East Asia and the Far East is in Singapore. Here the first stage of Changi Airport has been completed.

Phase two of the airport development is already underway at an estimated cost of $150m. This second phase calls initially for a second runway and apron; an airport workshop and store complex, navigational aids for the second runway and essential reclamation for this stage of the Changi project. Most of these works were started or completed last year.

Other principal projects expected to start at the airport site up to 1987 include further work on the second apron and further reclamation. Technical equipment to be installed over the period includes aeronautical fixed telecommunication networks, navigational aids for the second runway and various other unspecified projects.

Lynton McLain



ASIAN AVIATION 4

Profiles of the leading airlines operating in Asia and the Far East will be found on this and the following pages

Heading for round-the-world service

China Airlines Taiwan

ROBERT KING

IN SPITE OF a four-year string of losses which may reach U.S.$70m by the end of this year, Taiwan's national flag-carrier, China Airlines, hopes to expand its routes into Europe and to inaugurate a round-the-world service by next year.

The airline began ordering new aircraft, mostly Boeing 747 passenger jets, about five or six years ago, only to run into the so-called "second energy crisis" and the world economic recession.

Costs rose, and the company had to meet the heavy burden of repayments of loans to finance the new aircraft. Thus, while the airline had earned a total of $32m in the years 1976-1979, it recorded losses of $18m in 1980, $11m in 1981, $21m in 1982, and will probably lose $20m this year.

But the company expects to break even in 1984, largely on the strength of an expected world-wide economic recovery that will allow CAL to improve its yield. It will also sell one of its nine 747s, which should allow the airline to improve its utilisation rate from a present dismal eight hours per day per aircraft to something approaching the industry average of between 10 and 12 hours.

CAL now fields a fleet of 22 aircraft, including four Boeing 747s, nine full-sized 747s, one 747F cargo aircraft, two 707s and one 707F, three 737s four domestic routes, four A-300 Airbuses, and two Boeing 767s. The company says it was the first outside the U.S. to operate a 767.

CAL serves the U.S. from Taipei with 12 flights a week to New York, Honolulu, Los Angeles, and San Francisco, South Asia (Jakarta, Singapore, Kuala Lumpur, Bangkok, Manila, Hong Kong, and Colombo). North East Asia (Tokyo, Seoul, Fukuoka, and Okinawa), the Middle East (Dubai, Dhahran, and Jeddah), and the EEC (Luxembourg and Amsterdam). The company says it is currently conducting unofficial negotiations with the national flag carriers of such European countries as France, West Germany, Belgium, Austria, Italy and Spain with an eye to establishing reciprocal landing rights.

Establishment of such agreements, however, is hampered by Taiwan's lack of diplomatic ties with EEC countries, and by fears there of reprisals by Peking, which still considers Taiwan an errant province of the People's Republic. Nevertheless, CAL achieved a coup earlier this year when the Netherlands disregarded protests by China and allowed the establishment of a passenger airlink between Taipei and Amsterdam.

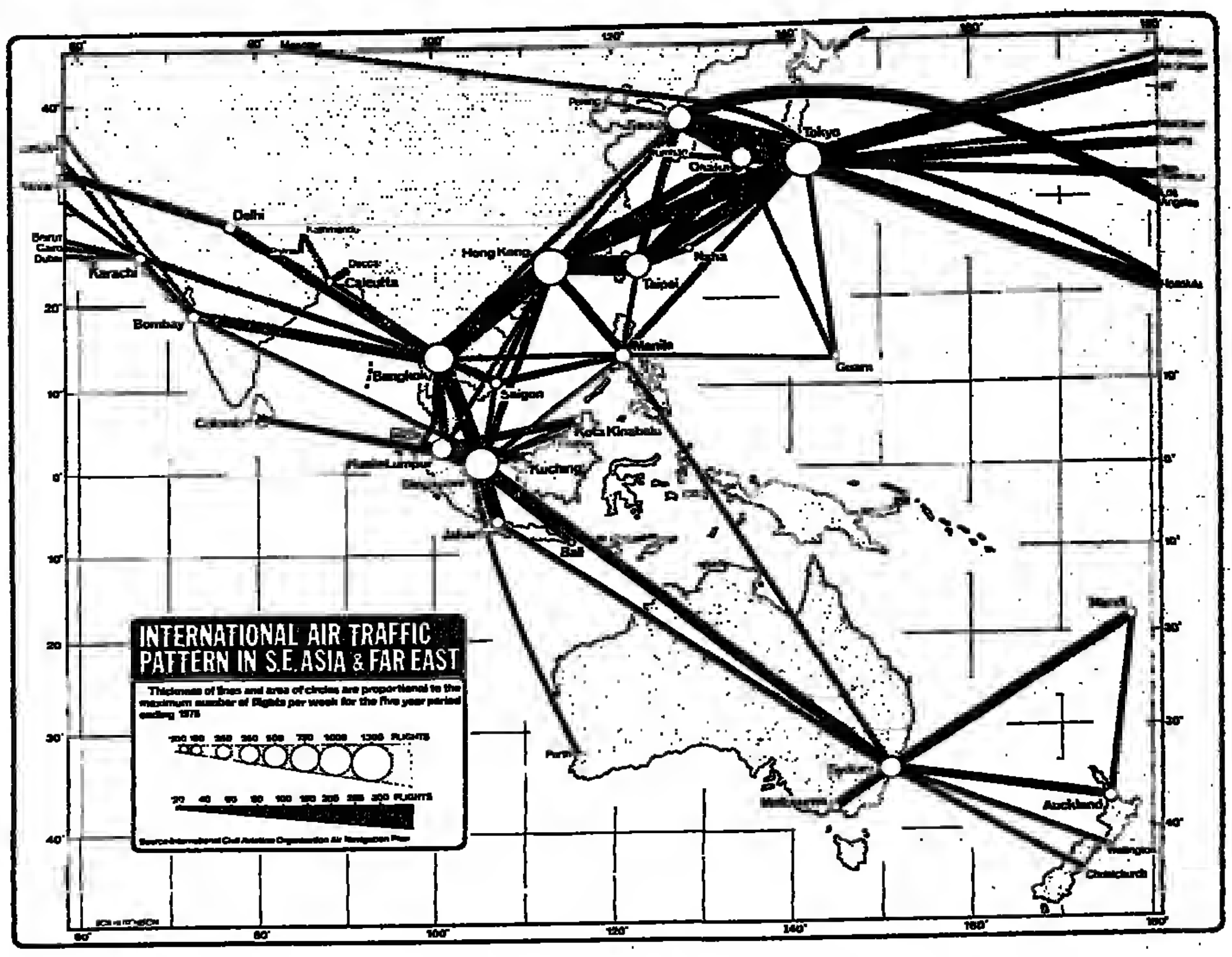
Because the Taiwan Government considers such links as part of its programme of forging substantive if unofficial ties with the European Community, there will likely be continued pressure on the nominally privately-held airline to open up more such routes, profitable or not.

The company concedes that Government policy pretty much dictates acquisitions of aircraft — such as the purchase of Airbuses and their leasing to CAL by Taiwan's Civil Aeronautics Administration over the past two years —and opening of new routes —such as the one to Amsterdam, which runs at an average of 35 per cent of capacity. The airline has, however, successfully resisted pressure to open a route to South Africa. Such a route would yield minimal political benefits while further adding to its losses.

The 24-year-old airline, initially set up by a group of former Air Force pilots carried about 1.7m passengers for a total of 5.2m passenger-kilometres, and 56,000 metric tons of cargo, or 782,000 ton-kilometres, last year. It predicts a 15 per cent increase in both passengers and cargo during 1984, and will acquire another 747F cargo aircraft from Boeing.

The airline is also negotiating with British Airways, KLM, and Aer Lingus over the purchase of roughly U.S.$500,000 worth of computer software, with an aim of eventually fully computerising its reservations, ticketing, and check-in systems. The upgraded system will first be run in Taipei, but will later be run at its offices and airports it serves around the world.

CAL employs about 5,500 people, including 4,900 outside of Taiwan.



Air traffic patterns in Asia

Air traffic throughout Asia and the Far East is based on the "hub and spoke" system, with most international scheduled passenger traffic concentrated between several major hub airports, such as Tokyo, Singapore, Bangkok and Hong Kong, served by a large number of services from many sources.

On the above chart, prepared by the International Civil Aviation Organisation, the major routes only are shown. The thickness of the black lines is proportional to the number of flights per week linking individual centres — the thicker the line the more flights involved. Similarly, the diameter of the circles for each destination is proportional to the total number of flights per week into and out of that place.

For simplification, the many routes of lower traffic densities are not shown but their non-appearance on the chart does not imply that they do not exist. There are many hundreds, if not even thousands, of such routes constituting individually major links in their own right and collectively a major part of the overall air traffic pattern of Asia and the Far East.

When persistence pays off

MAS Malaysia

WONG SULONG

WHEN MALAYSIA started its own airline after the break up of the joint Malaysia-Singapore Airways in 1972, it chose the name, Malaysian Airline System, with good reason. The acronymn, MAS, means "gold" in the Malay language and the advertising potential and emotional appeal of this word were obvious.

Singapore's airline, SIA, got off like a rocket and never looked back, but MAS encountered brickbats as it laboured to overcome inadequacies in skilled staff and aircraft.

For a while, the decision-makers who ran MAS, were worried that the acronym might misfire, as frustrated passengers and cynics began to wonder whether the initials should not stand for "Mana Ada System" (Where Is The System?).

But persistence has paid off and, 12 years later MAS has consolidated its position as the national carrier, as well as carved itself a niche as a dependable regional airline, with a network stretching from London to Tokyo, and down to Sydney.

MAS now has a fleet of 35 aircraft, ranging from the four 12-seater Britten-Norman Islanders, flying to the remote villages of East Malaysia, up to two Boeing 747 Jumbos, three DC-10s and four A-300 Airbuses.

A decision is expected in the next couple of months on a new aircraft to replace the ageing fleet of 10 Boeing 737s. Lobbying is keen, and the favourite contenders are reported to be the 186-seat Boeing 757, and the 211-seat Airbus A-310, which cost $40m and $50m each respectively.

For 1982, a bad year for the world aviation industry, MAS suffered its first ever loss of Ringgit 39m ($16.8m). But after a stringent cost-cutting programme, and aided by lower interest charges and fuel costs, the airline was able to report a profit of Ringgit 8.7m for the year ended March 1983.

According to Mr Abdul Aziz Rahman, the airline's managing director, the cost-cutting exercise saved the airline Ringgit $40m.

Revenue rose by 19 per cent to Ringgit 1.18bn, while expenditure was kept down, and rose by only 13.5 per cent to Ringgit 1.17bn.

The number of passengers rose by 3.7 per cent to exceed 5m and the volume of cargo and mail carried increased. Revenue per employee rose 19 per cent to Ringgit 116,000.

The current financial year looks promising, with fuel costs and interest charges remaining stable, and with a good pick-up in business.

Last May, the airline implemented a major reorganisation programme, as recommended by a U.S. consultants' report, to improve efficiency. A few months later, the bulk of MAS operations was transferred from various parts of Kuala Lumpur to an 11 hectare office complex at Subang International Airport.

The airport itself underwent a major Ringgit 120m ($51.3m) renovation and extension programme that should take care of growth until 1990.

The airline's 38-storey headquarters building, sited in Kuala Lumpur's hotel and commercial district, will be ready by the end of 1984. Several important administrative and sales sections will be there, but most of the office space will be rented out.

One of MAS's special roles is carrying pilgrims to Mecca. Started in co-operation with the Pilgrims Fund Board, it carried 3,457 Malaysian pilgrims in 1974. This year, it flew more than 25,000 to the Holy City.

The service is so popular because it is the cheapest way to get to Mecca from the Far East. Thousands of Muslims from Brunei, Philippines, Thailand, Fiji and Australia, are now using MAS for their pilgrimages.

MAS has also taken up a 40 per cent stake in a helicopter company, which will serve the increasing demands of the oil and gas industry, in particular the oil towns in Trengganu state, Bintulu in Sarawak and the offshore oil locations.

Tougher conditions in the aviation industry have also forced MAS to forget quarrels, and go into co-operative deals with Singapore Airlines, introducing a "shuttle" service between Kuala Lumpur and Singapore and a new link between Kuantan on the east coast and Singapore. Other co-operation deals have also been made with Thai International and Cathay Pacific in the past year.

A very big challenge facing the airline is its role in bringing about closer links between the two wings of the Malaysian Federation, as well as servicing the remote villages.

Without air links, travel in these areas means a day or two's journey by river to the nearest town for a great majority of villages in the East Malaysian states of Sabah and Sarawak.

The people of these two states complain they are not getting a fair deal from MAS. However, the airline feels it cannot start too many new and unprofitable services simply because of public pressure.

Big market for aircraft development

CONTINUED FROM PREVIOUS PAGE

possibilities.

There seems to be no reason, given the high levels of technical and engineering skills available in Singapore, why some arrangements cannot be achieved for the initial manufacture of spare parts in Singapore for existing aircraft, leading to assembly of aircraft and eventually also full manufacture under licence, with also the possible eventual development of indigenous designs.

Already, several Western countries have joint development and production arrangements with China, Japan and Indonesia, and there is every advantage to be gained from the provision of similar agreements in Singapore. The most immediate benefit to Singapore itself would be the widening of its industrial base, generating employment and new technical skills. But the benefits to the participating Western manufacturers would also be great, including direct access to the widening markets for transport aircraft of all kinds throughout Asia and the Far East, in the remaining years of this century.

Changi exhibition

It is for this reason that the Asian Aerospace '84 exhibition is being held in Singapore from January 18 to 22, at Changi, at which well over 400 companies from manufacturers worldwide will be exhibiting—including nearly 40 companies from the UK, under the auspices of the Society of British Aerospace Companies. This year, military ventures are being shown for the first time.

One of the big uncertainties about the future is the extent of purchases from the Western aerospace manufacturers by China itself. The Civil Aviation Administration of China has stated that it will need a substantial number of new airliners over the next decade, of widely varying types, to meet its expanding needs across its very large domestic route network, with a more limited number to meet its slowly growing international operations.

So far, China's airliner purchases from the West have been limited to small numbers of Boeing 747 (Special Performance) and other Jumbo jets, Boeing 707s, Boeing 737s and McDonnell Douglas DC-9-80s, and a now ageing fleet of British Trident jets. Most other aircraft in its fleet are of Soviet origin.

The State Aircraft Factories have been devoted mostly to the manufacture of military aircraft, although at Hanzhong, near Xian, a four turbo-prop engined transport called the Y-8, derived from the Soviet Antonov An-12BP, has been built in limited numbers, while more recently the first Chinese-built jet airliner, the four-engined Y-10, very similar in design to the Boeing 707, has emerged from the Shanghai factory.

While no one doubts the long-term abilities of China's aerospace industry to build its own commercial airliners, for the immediate future the CAAC's needs seem likely to be met from Western sources. Considerable efforts are being made by almost all the major companies, including Airbus Industries in Europe and Boeing and McDonnell Douglas in the U.S., to sell the Chinese new jets of various kinds.

At the same time, there are considerable pressures on the CAAC to buy smaller types of transport, such as the twin-turbo-prop regional airliners of the Franco-Italian ATR-42 type, and recently a sales team from Aerospatiale, the French partner in the ATR-42 venture, has visited China.

That country is anxious to expand its commercial airliner manufacturing capabilities, and the possibility of manufacture of parts, and eventual assembly under licence of Western designs cannot be discounted. Western aerospace interest in China is therefore likely to remain high for a long time to come.

Overall, the Asian and Far Eastern regions are among the most promising development areas of the world for civil aviation, from the big, international airlines down to the smallest "local-service" operators.

The market is already vast, and the prospective development of the area throughout the remaining years of this century would appear to indicate that it will eventually become one of the biggest, if not the biggest, regions for both direct sales, and for the manufacture of parts and even complete aircraft under licence, with eventually also a much greater number of indigenous designs.

HIGH OVER THE HIMALAYAS

The ubiquitous British Aerospace 748 twin turbo-prop airliner has proved itself ideal in serving many remote communities and destinations in difficult terrain, and the aircraft has been built under licence for several years in India by Hindustan Aeronautics at its Kanpur Division. One operator of the aircraft is Royal Nepal Airlines

Cathay Pacific Airways has seen a doubling of its profits in the past year

Strong growth in profits

Hong Kong

ROBERT COTTRELL

CATHAY PACIFIC AIRWAYS began life in 1946 with one superannuated DC-3 and HK$2 in share capital. Today, it operates a fleet of eight Boeing 747s, and nine Super Tristars, which in 1982 flew 3.3m passengers a total of 5.7bn passenger miles, and carried 299m ton-miles of cargo.

Cathay is the most profitable subsidiary of the Hong Kong conglomerate Swire Pacific, which also has property and trading interests. While Swire does not separate profits for Cathay as an individual company, it does report on an annual basis the profits of its airline services and air catering services combined.

In 1982, airline services and catering returned an operating profit of HK$356.7m (U.S.$ 45.6m), while Swire's Aircraft Engineering Services Division, whose responsibilities includa maintenance of the Cathay fleet, reported an operating profit of HK$62.1m.

The past year saw Cathay's profits begin to grow sharply, thanks to an increased load factor — *67.2* per cent *in 1982* — and lower fuel prices. Discussing Swire's performance for tha first half of 1983, Mr Duncan Bluck, the group's retiring chairman, said that Cathay's total capacity had grown 9.4 per cent against first-half 1982, whila gross revenues had improved by 17.7 per cent. The result was a doubling of Cathay's profits, contributing to Swire Pacific's own interim profits increase from HK$201m in first-half 1982 to HK$435.1m in first-half 1983.

From its Hong Kong base, Cathay flies to destinations in Asia, Europe, Australia and Canada. In 1980, it began a scheduled service to London on a three-times-weekly, and later four-times-weekly, basis. In 1981, the London service became daily. A service through India to the Middle East began in 1982.

Joint service

A new joint service with Air New Zealand and Air Niugini operating Hong Kong-Port Moresby-Anckland began in November 1982. May, 1983, saw a twice-weekly non-stop service to Vancouver, whose frequency is due to increase to three times weekly in May, 1984.

Another new passenger service planned by Cathay is to Frankfurt, with a three-times weekly service doe to start in April. The airline also bopes to start flights to Dhahran in Saudi Arabia, though details of that route have not yet been finalised. To assist the expansion of its services, Cathay is taking delivery of another new Boeing 747 at tha end of April.

Cathay's recent expansion has also been matched by a rising number of staff worldwide, from some 4,000 two years ago to a current 6,000. The airline says it expects staff numbers to continue to rise, but more slowly as productivity improves.

Cathay's other major ports inclnde Melbourne, Sydney, Manila, Bangkok, Singapore, Tokyo, Seoul and Shanghai. Shangbai was restored to the timetable in 1981, 25 years after Cathay last flew there with its inaugural DC-3.

Originally, Cathay was a purely charter operation, hopping cargoes between Australia and Asia. Its first pilots wero veterans of the China National Aviation Corporation, which had supplied the wartima Chinese Nationalist troops. Cathay began developing scheduled passenger services out of Hong Kong in 1947, with most business being done to Macan and Saigon. In 1948, control of the airline was ocquired by Swire Pacific.

A regulatory carve-up in 1948 gave to Cathay the routes south out of Hong Kong, and to its rival, Hong Kong Airways, routes northbound. The victory of China's Communists in 1949 curtailed Hong Kong Airways' growth, and consolidated Cathay's position such that 10 years later it was able to acquire its competitor.

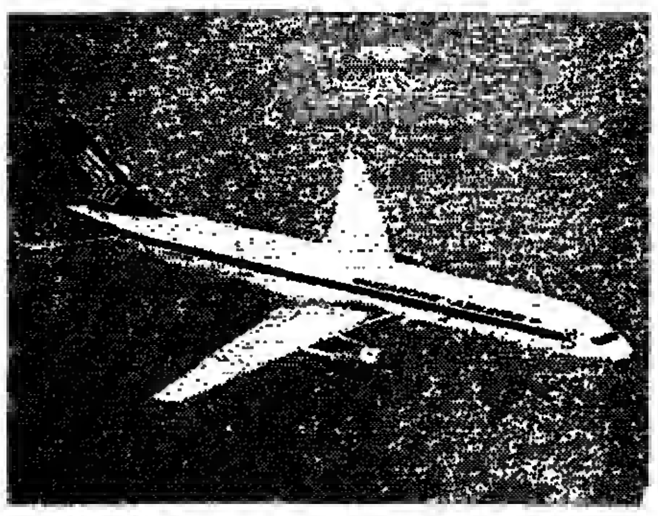
The acquisition of Hong Kong Airways meant that BOAC, an investor in Hong Koog Airways, became a minority partner in Cathay Pacific. BOAC sold its Cathay shares in 1980, and the airline is now owned approximately 70 per cent by Swire Pacific, and 30 per cent by the Hong Kong and Shanghai Banking Corporation.

The financial resources of the Swire Pacific group have helped Cathay to maintain a consistently modern fleet. In 1959, DC-3s and DC-4s were phased out in favour of turbo-prop Lockheed Electras. In 1961, a first jet the Convair 880-22M, was bought, and by 1968 Cathay's fleet comprised six Convairs. In the four years from 1971-75 Convairs gave way to Boeing 707s.

From 1975 oowards, the airline built up its stable of Lockbeed Super-TriStars, aod in 1979 Cathay bought its first Boeing 747. In April 1982, Cathay bougbt the "Hongkong Trader," a 747 cargo freighter wbicb succeeded a narrow-bodied 707 as Cathay's carrier of scbeduled freight between Hong Kong and Frankfurt, and on some regional services.

Coping with burgeoning traffic in the air has necessitated increasingly sophisticated support on the ground. It took Cathay 18 years to fly their first million passengers. By 1970, the airline was flying half-a-million people per year, and in 1973 one million. In 1971, Cathay's computerised reservation system went on line. The original system, CPARS (Cathay Pacific Airways Reservation System) bas now been replaced by CUPID (Cathay Univac Passenger Information Distribution). Cathay is also currently investing in a computerised system for cargo, covering reservations, space control, warehousing and documentation.

Since 1977, Cathay's departure procedures have been regulated by LOPAC (Load Optimisation and Passenger Acceptance Control) which was bought from Britain's Cable and Wireless. To cope with increasing computerisation of its business, Cathay installed in November, 1982, the most powerful compnter in South-East Asia which, together with supporting equipment and 700 terminals worldwide, cost the airline HK$ 700m.



Boeing 757, of which SIA has four on order

World symbol for city state

Singapore

CHRIS SHERWELL

SINGAPORE International Airlines tries hard to embody an image which its owner—the Singapore Government—seeks to cultivate for the country as a whole: of modernity, highly profitable efficiency and rock-solid reliability. So successful has the airline become, it is probably the city State's most important ambassador abroad.

SIA contributed S$904m (US$424m) to Singapore's gross domestic product in 1982, and S$1.05bn in foreign exchange earnings. It operates to 36 cities in 27 countries, will soon have one of the most up-to-date fleets around and regularly tops opinion polls for the quality of its service.

Visitors wonder how sucb a tiny country supports an airline on the fringes of the "big league" of world airlines. The answer is: with difficulty. In the past year, the oirline bas had to confront the obstacle posed by protectionism in Europe and North America and the ottacks of competitors who say the airline is unfairly subsidised and pays low wages.

Mr Lim Chin Beng, SIA's depnty chairman, warned last month that the airline's growth in the future would not be as fast as it had been in the past. In the 12 months to March 1983, after-tax profits for the parent company were unchanged on the year at S$104.8m (US$49.2m), although this figure masked profits on airline operations alone which showed a healthy 112.9 per cent increase to S$47.7m.

Indeed, the airline has mada a profit every year since it split with its Malaysian counterpart in 1972 and the two struck out alone. SIA had literally a flying start, because it took over the entire Boeing fleet of the previous joint operation—five 707s and five 737s.

By last March, SIA's fleet totalled 27 aircraft with an average age of just 39.7 months —most of them Boeing 747s and Airbus A-300s. In May the airline announced its most osionishing deal so far: the purchase of six "streiched upper deck" 747s, four Boeing 757s and six Airbus A-310s—total value: US$1.4bn.

Taking almost cruel odvantage of the poor state of the aircraft market, SIA persuaded Boeing to take back as part of the deal alcraft which it hadn't even manufactured—three DC-10s and five Airbus A-300s—as well as two 747s. Airbus had to take back three A-300s and cancel delivery of another two to clinch the A-310 orders.

On top of this, SIA secured a loan from the U.S. Eximbank of US$138m at a concessionary rate of 10 per cent rather than 12 per cent for the purchase of the 757s, as well as a regular 12 per cent loan of US$134.9m for the 747s.

With the announcement of the purchase came another battle, pitting Pratt & Whitney, General Electric and Rolls-Royce against each other to supply the enginea. In August SIA announced its choice of Pratt & Whitney's PW-2037 for the 757s and the same company's JT9D-7R4E1 for the 747s.

The deal was worth US$275m, and SIA acknowledged at the time that the final choice was influenced by attractive financing. When the alcraft are delivered in 1985, SIA's whole fleet will be powered exclusively by Pratt & Whitney engines, another attraction.

By 1988, says SIA, it will have a total of 14 "stretcbed upper deck" 747s, another nine conventional 747s, plus the four 757s and six A-310s. The latter two aircraft, being in the medium-range category, will serve regional routes — the A-310 on routes demanding heavier loads and the 737 on shuttle operations. Both are highly fuel-efficient.

On intercontinental long-haul routes, SIA sees its best prospects for growth in trans-Pacific flights, but the airline has become caught up in a row with both the U.S. Civil Aeronautics Board and competing U.S. airlines over its bid to increase its Singapore-Tokyo-Los Angeles flights from three a week to five.

Originally, logistical problems in Tokyo prevented this plan going ahead. These have been resolved, says SIA, but the U.S. is now giving other reasons why flights cannot be increased. Pressure from other U.S. airlines is thought to be the real cause.

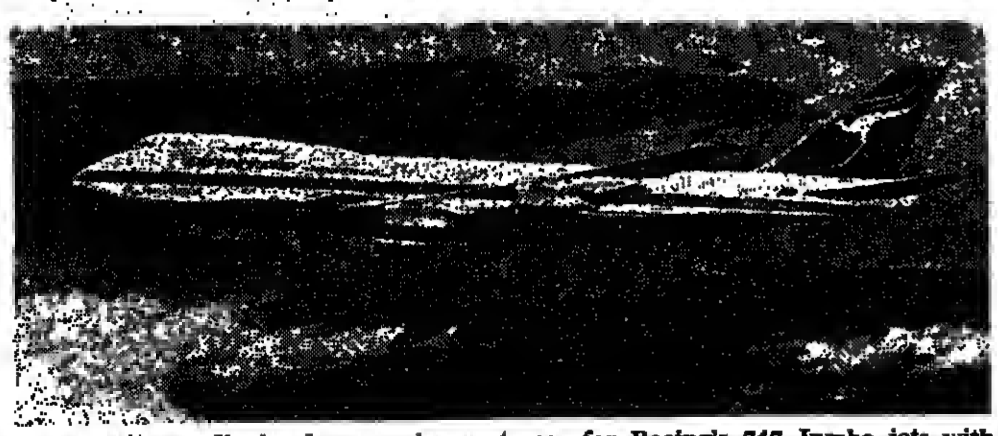
SIA is also having trouble trying to increase the number of flights to the U.S. West Coast via Hong Kong from five a week to seven. SIA says it is ready to withdraw other flights it operates through Hong Kong, but Cathay Pacific, the Hong Kong airline, is believed to be demanding more.

SIA bas long voiced its criticism over such problems, and has specifically singled out Hong Kong and the U.S. which, it says, "ironically profess to share the same philosophy as Singapore."

The airline has also tackled head-on the allegations that it is unfairly subsidised or pays low wages. If wages are important, says SIA, then logically its competitors ought to be "equally frightened by the airlines of, say, Pakistan or Bangladsh," as Lim Chin Beng told an audience in Amsterdam in June.

As for subsidies, the late Hon Sui Sen, Finance Minister, said in September that government subsidies for commercial enterprises were "taboo" in Singapore. "The return that we (the government) get from our investment in SIA, both in dividends ond capital appreciation, is quite satisfactory.

Cathay Pacific is a big user of Rolls-Royce RB-211 jet engines, as in this Boeing 747 long-rangeJumbo jet



Qantas of Australia is also a major customer for Boeing's 747 Jumbo jets with Rolls-Royce engines, with which it flies across the Pacific and to Western Europe, some of the longest air routes in the world. The 747 *has proved itself highly* suitable for Asian, Far East and Australasian aviation because of the great distances involved in traversing those regions of the world

National carrier gets boost

Australia

MICHAEL THOMPSON-NOEL

Because of the great distances involved — Queensland alone is twice the size of Texas — transport looms large on Australia's political and social horizons.

Hence the importance for example of the Canberra Government's announcement last August that Federal budget spending on transport this financial year would rise by 21 per cent to A$1.4bn ($1.2bn). Allocations range from A$1.2bn for road funding, to A$5m for what the bureaucrats optimistically call "forward planning" for a Darwin-to-Alice Springs railway.

Hence, too Australians' considerable pride in their own State-owned international airline, Qantas, now in its 63rd year of operation, whose Flying Kangaroo logo is as distinctive as the Grog (drinks) parties that spontaneously occur whenever a handful of Australians are gathered together in the aisles of a Jumbo.

Qantas has assets of A$814m, flies to 37 cities in 23 countries (it has no domestic routes, those being the preserve of Ansett, TAA and others) and, at last March 31, had 11,612 staff.

That was a marked reduction on the peak of 13,500 in 1981, for these days, in the words of its chairman, Mr J. B. Leslie (a former chairman of Mobil Oil Australia), Qantas is a "leaner, tougher, smarter airline" than before the recession.

This is partly borne out—but only partly—by a study of the airline over a ten-year period, which shows that in 1982-83 it carried many more passengers (2.2m) and flew many more cargo tonne-kilometres (454m) than in 1973-1974—all at virtually the same staff levels.

In addition, Mr Leslie says that "one of tha most significant achievements has been a dramatic reduction in the break-even seat factor from 70 per cent four years ago to 56 per cent today."

However, that has not stopped Qantas losing money. In 1982-83 the loss on airline operations was A$47.6m ($24m previously) while its total operating loss (including extraordinary items) was A$34.4m, against an operating profit in 1981-82 of A$61.4m, which was due entirely to the sale of the Wentorth Hotel in Sydney.

Employee costs

In 1982-83, revenue rose by 15.9 per cent, to A$1.29bn, but expenditure was 17.7 per cent higher, at A$1.34m. Employee costs rose by 7.5 per cent, to $364m, while available tonne-kilometres per employee rose by 12.6 per cent to 259,025.

By and large, Qantas and its routes are pretty well protected, the reason being, Mr Leslie says, that Australia is the end of the line, a global terminus with nothing to its south but penguins and plankton.

Even so, Qantas has shown a loss on airline operations in six of the past ten years (the cumulative loss being $79.5m, which is not great by some of its rivals' standards). On the other hand, it has shown an operating loss (after extraordinaries) in only four of the past ten years (for a cumulative operating profit of A$12.3m).

Early last month, Mr Leslie declared that Qantas had turned the corner "in the 1983-84 budget we provided for a break-even result. At this point we are ahead of bndget, and optimistic that we will show a profit for the year ending March, 1984. This is encouraging in view of the continuing depressed state and large losses being recorded by the international aviation industry."

Qantas was cheered last year when Canberra boosted its equity capital by A$60m, aimed at reducing its very high debt ratio, which has disadvantaged it viz a viz its competitors.

In 1982-83, interest and lease charges on aircraft reached A$65.9m. In Mr Leslie's view, "our debt remains high and it is important to remember that there is clearly an ongoing requirement for the company to have sufficient funds this decade to ensure that we maintain our fleet in a modern, efficient and competitive form."

That said, Canberra recently approved Qantas' largest-ever aircraft order, an A$860m fleet modernisation programma involving the purchase of three stretched upper-deck Boeing 747s, and six of the Extended Range Boeing 767 twin-jets. The latter will help service airports such as Adelaide (which joined the Qantas network in November, 1982) Cairns, Darwin and Townsville.

Qantas has arranged to sell its six oldest 747s progressively as the new aircraft are delivered.

In Mr Leslie's view: "We are determined to make our services available to tha maximum number of Australians at the lowest possible cost. Introduction of a smaller aircraft to the fleet together with the latest stretched upper-deck 747 will give us maximum flexibility.

A Boeing 747 Jumbo jet of Air New Zealand seen at Tokyo's Narita Airport

Drive to win new business

New Zealand

DAI HAYWARD

AIR NEW ZEALAND's successful recovery programme, which saw it turn a NZ$ 90m (U.S.$ 59m) loss into a half-yearly profit of NZ$ 10m (U.S.$ 6.5m) in just 18 months, is continuing.

Airline officials are privately forecasting a profit of between NZ$36m and NZ$40m this financial year. Air New Zealand is the only airline operating in the region to show a growth in traffic this year.

The airline is up 12 per cent compared with the IATA average for international airlines of only 2 per cent. Major airlines operating into New Zealand including British Airways, Qantas, UTA and Japan Airlines, all show a drop in traffic.

As part of its new philosophy and new management approach, the airline is vigorously seeking new business. It wants to boost traffic from continental Europe through Singapore and has just completed an agreement with KLM of Holland, and is negotiating with Lufthansa, of West Germany, to offer a special fare structure for Singapore-bound passengers travelling on to New Zealand.

Air New Zealand believes there is increasing business from German tourists going to Asia and the South Pacific, who at present go mainly to Western Samoa or Fiji. The airline has the best network of any in the South Pacific and is well placed to increase its present 0.02 per cent share of the 18.6m West Germans who travel abroad.

Japan is another target where Air New Zealand is confident it will improve its passenger trade. In November the airline doubled capacity on its weekly Auckland-Tokyo service by increasing the flights from one to two a week. This has already produced a big increase in freight as well as tourist traffic. The north-bound flight leaves Auckland just before midnight Sunday night. It carries fresh vegetables and berry fruit which are on sale in the Tokyo markets on Monday morning.

The number of Japanese tourists on Air New Zealand routes through Asia and the Pacific is also growing steadily. Of the 4.1m Japanese tourists who go overseas annually, New Zealand received 0.7 per cent—Air New Zealand wants to boost this.

Honeymooners

It is vigorously promoting New Zealand in Japan as one of the South Pacific destinations. Some of this growing market is from Japanese honeymooners who marry en masse and have an economical honeymoon in New Zealand.

Part of the new management structure, introduced by the airline's new chief executive, Mr Norman Geary—who came back from an executive job at BP to run his country's airline—was to split all the various operations of the air line into different divisions giving more individual responsibility to managers. This is paying dividends since the men on the spot, or in charge of various operations, have more scope to make their own decisions and develop new business.

The restructuring also saw staff cut by more than one fifth, with 1,800 fewer people on the payroll. Despite this, services have not been cut back and in some cases have been increased. The airline is not only chasing more passenger and freight traffic, it is making an extensive effort to win engineering and flight training contracts, especially, from Asian and Pacific airlines, and trying to reap the benefit of its high international reputation for engineering expertise.

Air New Zealand will service aircraft either in its Auckland workshops or send an engineering team, complete with equipment and spares, to other airports in Asia for on the spot work. It already has engineering teams stationed in Indonesia and looks after aircraft which itself recently sold to Linea Aerea Nacional, of Chile.

On domestic routes the new spirit of service and marketing turned a loss into a profit in the past year. Passenger traffic has increased through the introduction of several special low fare offers. These were designed to fill aircraft — such as the late night flights which previously had a low load factor.

Free travel for a wife accompanying her husband to a provincial centre, reduced rates for early bookings and payment, low off-peak fares and other special concessions have encouraged New Zealanders, who have always been air-minded, to travel more frequently.

As a result the airline had to buy back one of the Fokker Friendships it had placed with an Australian broker for resale.

JAL moves up the international league table

Japan

CHARLES SMITH

THE NATIONAL country flag carrier of the Japan Air Lines, has for many years been the dominant force in Far East aviation. In 1983 JAL may also have become the world's biggest international carrier, overtaking Pan American Airways.

JAL rose to second position in the international league table in 1982 (in terms of scheduled tonne-kilo-metres performed), passing British Airways and ending the year only a whisker behind Pan Am. During the past year JAL's international passenger traffic has shrunk slightly but its freight business has grown strongly, thanks to the sharp recovery of Japan's exports that set in last spring.

Pan Am is expected to record a slight increase in passenger business for the year, but is certain to have fallen back drastically as a freight carrier following its decision to sell the bulk of its freighter fleet. JAL (which bought one of the Pan Am freighters for its own fleet) may thus have emerged almost by default, as the world's largest international freight carrier during 1983.

Satisfaction

JAL's management evidently derives a quiet satisfaction from the fact that the airline has risen from nowhere to a top spot in the world aviation market during its 32 years of existence. The company is being careful, however, to stress that it never aimed at being Number One, and that it regards quality as far more important than quantity where international air services are concerned.

The airline's notion of quality not surprisingly includes making a reasonable profit, which is why much of the company's attention has been focused this year on nursing the balance sheet back to health after the disastrous results of 1982. JAL lost Y27bn during its 1982-83 business year as result of sharply rising operating costs (including a higher fuel bill that partly reflected the weakness of the yen) and increased interest payments on purchases of new aircraft.

In 1983-84 the company's aim is to break even or make a small ordinary profit while recording a comfortable surplus on operations alone (i.e. before the deduction of interest payments).

The company seemed to be making good progress towards recovery during the first half of 1983, with an operating profit of Y18bn ($76m) and an ordinary profit of Y7.7bn.

JAL's executives point out, however, that the second half of the year is almost always more difficult than the first. They are accordingly not relaxing their efforts to cut costs as far as possible and are sounding distinctly cautious about the resumption of dividend payments (which were suspended in March, 1983).

JAL's cost-cutting programme, launched in November, 1982, includes an agreement with the company union to freeze overall personnel expenses for the time being and to reduce the total number of employees from 22,000 to about 20,000. Freezing personnel costs meant that JAL hired no new staff in the spring of 1983 (except for a few cabin attendants), but has not meant that individuals have been denied pay increases due to merit or seniority.

Rationalisation

If anything, JAL claims, its rationalisation programme has been designed to hit shareholders harder than employees. The shareholders who are feeling the effects of JAL's austerity programme include the Japanese Government, which owns 37.7 per cent of JAL's equity.

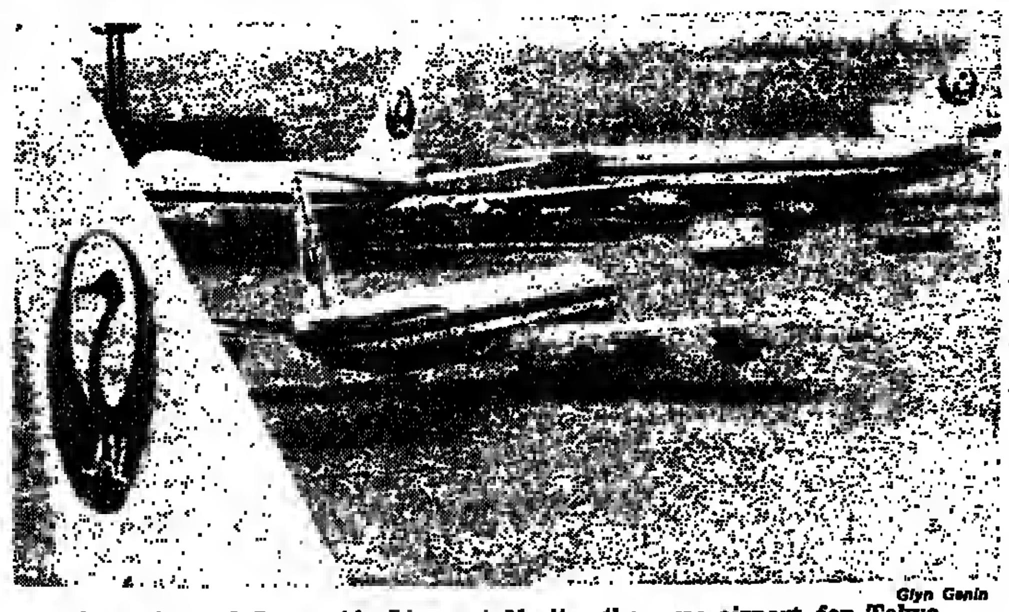
If JAL's business performance improves during the 1983 fiscal year as much as the company expects, the focus of attention at JAL headquarters may shift away from rationalisation measures to international aviation relations—chiefly those with the U.S.

Japan Air Lines carries about 1.7m of the 4m passengers who cross the Pacific every year between the U.S. and Japan compared with the 1.8m carried by U.S. airlines. Despite this relatively even balance JAL spokesmen claim that the present U.S.-Japan aviation agreement is unfair to Japan. The agreement allows U.S. airlines to serve 16 destinations in North America compared with the nine available to JAL (which for the time being is the sole Japanese international carrier). A second instance of alleged unfairness is the stipulation that JAL can fly beyond the U.S. to only two destinations, whereas U.S. airlines can fly anywhere they like out of Japan.

Japan has for years been asking for basic changes in the agreement with the U.S., but has tended to find itself being forced instead to discuss short-term issues, such as periodic demands from the U.S. for permission for new U.S. airlines to fly the pacific route. Talks on "general" issues related to the aviation agreement are to be resumed this spring.

A final topic of interest among JAL executives concerns the efforts of All Nippon Airways, Japan's top domestic air carrier, to turn itself into a competitor to JAL on international routes. ANA, which ranked sixth in 1981 among the world airlines in terms of the number of passengers carried, has been pressing the Japanese government for years to allow it to start scheduled international services, in addition to the charter flights it is already permitted to fly.

An important step towards internationalisation was taken last year when ANA became a participant with four shipping companies in the establishment of Nippon Air Cargo, a company which will start air freight services to New York and San Francisco in the spring of 1985.



Glyn Genin

Operations of Japan Air Lines at Narita, the new airport for Tokyo

Bouraq flies the pioneer trail

Indonesia

KIERAN COOKE

IT'S NOT every airline that can boast among its passengers an Orang-Utang, a dolphin, exotic birds, to say nothing of hundreds of one-day-old chicks. But such items might often appear among the cargo of Bouraq, a privately-owned Indonesian airline specialising in flights to the more remote parts of the Indonesian archipelago.

Bouraq, which started only 13 years ago, sees itself as a pioneer airline fulfilling an entirely different role from the state-owned airline, Garuda. Many of its passengers are migrants to the outer islands from Indonesia's most-populated island, Java.

They go to settle in Kalimantan (the old Borneo), Sulawesi and the Moluccas to clear the jungle and start a new life.

Others follow to set up shops and trading outposts. Many of these outlying areas have only the most spartan of airport facilities, and often the airline serves as a precious connection to the outside world, bringing in mail, meat, and even vegetables.

Bouraq's vice-president, Mr Moeljanto Djojomartono, says that when some routes were started such as to Tarakan in east Kalimantan, there was only a rice field as a landing strip.

At Balikpapan, now the site of one of Indonesia's giant oil refineries, there was only a pot-holed and overgrown runway last used during World War II.

Even the landing strips that did exist were short and lacked fuel facilities. For this reason Bouraq has concentrated on building up a fleet of mainly British Aerospace 748 aircraft. At present they have 19 of these, some bought second-hand from Chile and Brazil though recently Bouraq has been buying straight from the British Aerospace factory in Manchester.

Bouraq has also bought a number of Viscount 843s in order to cope with a 15 per cent annual increase in passenger traffic. This is a considerable achievement for an airline that only started with three aircraft and a staff of 101. Now there are more than a thousand staff.

Turnover in 1982 was slightly more than U.S.$15m, up $1m on the previous year's figure. The airline has been able to offer cheaper fares than Garuda to many destinations on a daily basis due to lower operating costs, though it does offer similar inflight meals and drinks on all flights.

As well as its passenger traffic, Bouraq also runs a charter air service, Bali Air, which specialises in servicing the oil, natural gas, timber and mining industries.

With a fleet of 16 Cessnas, Britten Norman Islanders and Britten Norman Trisanders, this service is able to penetrate into the deepest jungle areas and remote mining fields.

The airline says it can literally land anywhere, carrying not only workers, but equipment and all the things native and expatriate workers need for comfort in an alien environment.

Recently the airline has received requests from companies operating in these remote areas for a form of flying doctor service, capable of flying the sick out to Jakarta or Singapore. But this is still a very new idea.

Bouraq sees a bright future ahead—it says passenger and cargo traffic can only grow as more and more people seek to leave Java and move to new settlements in the other islands.

PAL shrugs off growing pains

Philippines

EMILIA TAGAZA

WHEN Mr Roman Cruz Jr, president of Philippine Airlines (PAL), went on a jet-buying spree five years ago, officials in the airline and tourism industries were awed by the move. It was one that PAL could ill afford, considering the rising rates of interest on loans and the eroding value of the Philippines peso against the U.S. dollar.

Indeed, in the years that followed the splurge on new jets, PAL suffered dizzying losses, which peaked in 1981 with a net loss recorded at 595m pesos ($66m). In all those years, interest on loans incurred for the jet purchases contributed mostly to the airline's losses.

But Mr Cruz justified his ambitious move as growing pains. "We have to develop, and we can do it either in one big gulp or in trickles." Mr Cruz has never regretted his decision.

Fortunately for Mr Cruz, PAL—for the first time in four years—made an operating profit in 1982 from its transport operations, although costly interest charges continued to put the airline in the red.

Operating profit in 1982 from transport operations registered at 107m pesos ($11m), compared with the previous year's operating loss of 145m pesos ($15m).

However, Mr Cruz said that interest charges of 518m pesos ($54m) offset the operating results and resulted in a net loss of 234m pesos ($24m). This is an improvement over 1981's net loss of 595m pesos ($66m).

Mr Cruz attributes the slight turnround to the opening of the Manila-Saudi Arabia route, a very profitable sector because of the regular flow of Filipino contract workers to the Middle East.

However, there is growing concern that the reduction in development spending by Arab countries may lead to a slowdown in the hiring of Filipino workers and could therefore adversely affect PAL's attempts to achieve profitability.

Nevertheless, Mr Cruz expects 1983 to be a healthy year for the airline. Most efforts have been concentrated on cost cutting to further reduce losses.

Emphasis on cargo

PAL expects to reduce losses by concentrating on the high-yield type of business rather than on cheap tours, giving more emphasis to cargo business and increasing domestic flights. Mr Cruz also hopes that the softening of fuel prices and the slight fall in interest rates will also help dissipate losses.

Meanwhile, PAL seems to have abandoned plans to sell some of its new aircraft. Mr Cruz said: "We are not selling them now—we just want to lease them because we will need them for our own requirements by 1985." The two Airbuses PAL has yet to receive from France will be used for some of the domestic flights and some of its future short-haul international routes.

Mr Cruz admits that with all the capital expenditure incurred in acquiring new jets and equipment, PAL inevitably had to take the consequences when the worldwide industry slumped. "But they're part of the penalty for growth," he said.

And as if to cheer himself up, Mr Cruz said that when one considers that airlines in the International Air Transport Association (IATA) collectively lost some $1.8bn last year, PAL's operating profit can be seen as a dramatic recovery indeed.

National flag carrier sees profit advance

Thailand

BOONSONG KOSITCHOTETHANA

THAI Airways International, Thailand's national flag carrier, has survived the 1981-82 recession remarkably well, and this year expects to show a vast improvement on last year's Baht 26.3m pre-tax profit ($1.1m). But the airline is likely to follow a conservative strategy of modest expansion over the next two or three years.

"We are not in a hurry to expand our route coverage or fleet," says Thai's executive vice-president Nikorn Maneelert. At the moment the airline flies to 35 cities in 8 countries, but is likely to concentrate more on the lucrative Asian regional routes.

Little expansion is expected on continental routes principally because of high operating costs, low profit margins and fierce competition. In 1984 the airline will operate 12 weekly flights to Europe, four to the U.S. and four to Australia. This is reckoned to be a reasonable foundation.

Traffic rights

Another problem preventing expansion is the difficulty of securing traffic rights. Thai has been locked in a long and thorny negotiation with U.S. civil aviation officials over its request to increase its existing four flights to the U.S. to seven. The issue remains unresolved.

The U.S. says the delay is caused by difficulties over U.S.-Japan traffic rights—and Thai's intermediate points are in Japan. But it is also thought that growing traffic on Thai's U.S. flights is threatening some American carriers.

Unlike other Asian carriers, Thai uses Seattle as its trans-Pacific gateway to the U.S. rather than San Francisco or Los Angeles. Its Tokyo-Seattle-Dallas route pattern is followed by two other airlines, United of the U.S. and Japan Air Lines. Planned new destinations include Houston, Chicago and New York.

Like its route expansion, Thai's fleet growth is likely to be modest. In September, 1985, the airline will take delivery of two Airbus A-300-600s to augment its existing fleet of five Boeing 747-200s, 10 A-300-B4s, two DC-10s and three DC-8-63s. But the acquisition has not been without controversy.

Airbus Industrie nearly lost the deal in early 1983 when Boeing proposed the sale of a competing aircraft, the 767-200. This followed Airbus Industrie's announcement of a possible hold-up in the delivery of its aircraft because of a delay in the development programme for the General Electric engines which the aircraft would use.

European diplomats were obliged to lobby hard with local officials to keep Thai's original order alive after the airline cancelled the contract. Thai then discovered that the 767's cargo system was incompatible with its own.

When the switch back to Airbus came, it was a relief for the European consortium but it came at a price—it slashed the original $99m price tag for the two aircraft by a substantial amount.

Apart from this purchase, Thai will soon lease two A-300 Airbuses from the Scandinavian Airlines System, and is scheduled to take delivery of a Boeing 747-200 in June 1984. The airline has options on three more 747s and two more A300s.

Pakistan International Airlines' credibility has improved over the past year and money is being offered by European and U.S. groups for further aircraft purchases

Taking a new flight path

Pakistan

MOHAMMED AFTAB

ARROGANCE, inefficiency, indiscipline and poor financial results had reached such a level two years ago that the Pakistan Government had to crack tha whip of a martial law decree to save Pakistan International Airlines (PIA) from a nose-dive.

That was the safer path the Government, its major shareholder, had chosen, after toying with the idea of disbanding it altogether.

A DC-10 had been burnt in a hangar of the airlines' home base at Karachi, while a Boeing 720 was hijacked to Soviet-occupied Afghanistan and later to Syria—an instance of either staff negligence or connivance that reflected the contours of the problem.

All unions were banned and nearly 4,000 employees fired. It still has the dubious distinction, however, of having the world's largest number of employees per aircraft, with 20,017 on its payroll.

Efficiency

The Government tersely ordered a new flight path: punctuality, courtesy, economy, efficient ground handling and security. So far it has not succeeded altogether on those lines, but some progress is visible, incinding in the vital financial sector.

PIA revenuo for 1982-83, for which results hava just been made public, was Rs 7,702m ($570m)—up 17.4 per cent from Rs 8,559m in 1981-82. Expenditure was Rs 7,261m, up 14.4 per cent from Rs 6,335m in 1981-82. "Profitability has been achieved without compromising the high standards of the airline in any area of operation," says PIA managing director Wiqar Azim, a retired Air Vice-Marshal of the Pakistan Air Force.

PIA earns 82 per cent of its revenue from international routes, tho most lucrativo of which are Pakistan-Sandi Arabia and Pakistan-Gulf because of tha heavy manpower traffic. On several other routes it has a captive or athnic traffic, as tha Government severely restricts travel of its nationals and officials by airlines other than PIA, even if that may entail impossible connections and long waiting periods in transit countries. The airlino loses Rs 100m a year on the domestic route, mainly on the Fokkers flying to remote, backward regions in Pakistan.

The national flag carrier has attempted several cures to overcomo tho problems besetting it. Foreign and domestic route restructuring, expansion of engineering services, improvements in passenger handling facilities, better communications and inventory reduction in atores are some of them. It mada a modest beginning into automation by investing Rs 108m to overcome tho corruption-ridden reservations system. The micro-computor will provide a faster feedback and speed up decision making.

Major-General M. Rahim Khan, the company chairman, says that the outlook for tha current fiscal 1983-84 and succeeding years is brighter than 1982-83 despite the increasing competition from other carriers. It currently has on-going squabbles with British Airways and Gulf Airways on passenger-carrying and quota-sharing.

The company earned an after-tax profit of Rs 411m in 1982-83, nearly double the 1981-82 figure. Tho management is looking to a Rs 600m to Rs650m profit in 1983-84. PIA's equity increased from Rs 2,702m in 1981-82 to Rs 3,151m in 1982-83, mainly through capitalisation of the 15 per cent dividend which was distributed to ordinary shareholders in 1982-83 bot was not given to the Government and state-owned banks, both of which are major shareholders. It paid a 12.5 per cent dividend in 1982-83.

It carried 3.4m passengers on its international and domestic routes in 1982-83, with a 67.2 per cent load factor, bettering tho previous year's 62.7 per cent. The company had flown cargo totalling 245m revenue freight tonnes kilometres (RFTK) in 1980-81, which declined to 236m in 1981-82 and 171m in the first nine months of 1982-83.

The airline is flying to 38 international and 23 domestic destinations. It has a fleet of four Boeing 747s, four DC-10s, five Air-buses 300, seven Boeing 707s, threo Boeing 720Bs and nine Fokker F-72s.

The planners project that the present passenger capacity of 5,941m passenger kilometre seats (MPKS) will have to be raised to 8,437 by 1987-88. The freight capacity of 249m freight tonno kilometres (MFTK) ought to be raised to 404m by the same yoar.

Bureaucracy

The planners are suggesting that a second airline in the private sector can be established to cater to the 1,472 MPKS—which is tho gap expected to bo left even after tha PIA expansion and actual needs by June 30 1988. But there is still a big qnestion mark over the proposal. Will Pakistan's state-sector-loving bureaucracy ever permit a private airline to fly in the nation's skies or abroad? They have aborted all such moves in the last three decades.

PIA plans to purchase one wide-bodied jet a year between 1984-85 and 1987-88. The company is also evaluating the possibility of buying five to seven narrow-body twin jets. That will mean at least three jumbotype aircraft if traffic projections and requirements do not expand faster than estimated. The airline also bopes to expand its domestic and foreign operations, as well as increasing its service frequoncies.

PIA intends to make ontright purchases rather than leasing aircraft in the next four to five years. It will prefer twin-engined jets of intermediate technology instead of waiting for or acquiring the new generation of jets. "A small airline like PIA will be better off waiting until the teething stage is over," says Mr Wiqar Azim. On that basis the choice seems to be between the Super DC-9, the Boeing 767 and the European Airbus-310.

The airlines credibility bas improved over the past year and money is now being offered both by the European consortium from which Pakistan buys its Airbuses and by the Americans, led by the Export-Import Bank, for purchasing Boeings and McDonnell Douglas aircraft.

The company can maintain that image, given better performance at home as well as in the regional and international markets where it operates.

That goal can be assisted by greater efforts by the state-owned Civil Aviation Authority (CAA), currently nolorious for the woeful lack of facilities for passengers across the country, despite the charge of Rs 100 a passenger on foreign flights and Rs 5 on domestic routes. It is planning to donble the latter by January next, despite the untidy look of most of its airports.

The CAA has nearly completed a Rs 600m programme lo improve the international airports of Islamsbad, Karachi and Labore. Two small domestic airports are scheduled to be built.

It plans to spend Rs 4.5bn on airports and aviation oquipment over the next five years. The outlay includes construction of three completely new airport terminal buildings at Islamabad, Lahore and Karachi by 1988. Bechtel Corporation of the U.S. will supervise construction. The consultancy cost over the next five years is estimated at 9 per cent of the total expenditure, or Rs 405m. European airport builders could have a role.

The CAA hopes to raise the money for its plan partly through Pakislan Government and foreign grants-in-aid and partly by raising charges to user airlines but mainly by seeking soft loans from Japan and the World Bank.

Celebrating in style

Sri Lanka

MERVYN DE SILVA

AIR LANKA, which now flies to 22 cities in 18 countries will celebrate its five years of operations early next year by buying its first Boeing 747 to add Japan, Australia and Africa to its routes.

Today's routes cover London, Paris, Rome, Frankfurt, Zurich, Amsterdam and Vienna, Singapore, Bangkok, Hong Kong and the Maldives, Dubai, Bahrain, Kuwait, Dharan, Doha, Abu Dhabi and Muscat, and Madras, Bombay, Trichy and Trivandrum.

Aircraft leased from Singapore Airlines put Air Lanka into the Asian region in 1979. Now its fleet of five Tristars and one Boeing 737 is fully owned by Air Lanka except for the leased SIA Boeing. Within the next few years it will buy one Tristar and four Boeing 747s.

The national carrier whose expansion has been dramatic (and controversial) began with 70 expatriates in its management. But a policy of "Sri Lankanisation" has reduced this number, while a rapid techinal and managerial training programme has now helped "Air Lanka" to have seven Sri Lankan captains, 24 first officers, seven Sri Lankan flight engineers and 12 Sri Lankan second officers.

On the ground, its staff handles 18 scheduled and charter operators at Colombo international airport.

In the first years all aircraft were serviced in Singapore. Later a maintenance agreement was signed with Air Canada and now carried out by Hong Kong Aircraft Engineering Company (HAECO), Hong Kong. Tho "A" and "B" checks are done in Colombo and only the "C" checks are now done ing Hong Kong.

A chip-detector laboratory has been in operation in Colombo for the past six months and in October a modular workshop to ease engineering maintenance and repairs was opened. Work has already started on a new hangar which will cost about US$13m. When completed by mid-1985 it will enable Air Lanka to carry ont all checks in Colombo.

The airline's reservation system is coupled to the Astral reservation computer of Aer Lingus in Dublin. All online stations are coupled into this mainframo compnter system except India and Maldives where such facilities are not available.

Promotion

A micro-computer now being tested in London will soon monitor daily sales. Each online station will then have a micro-compnter which feeds into tho IBM mainframe. All accounting functions are now served by an IBM model 34.

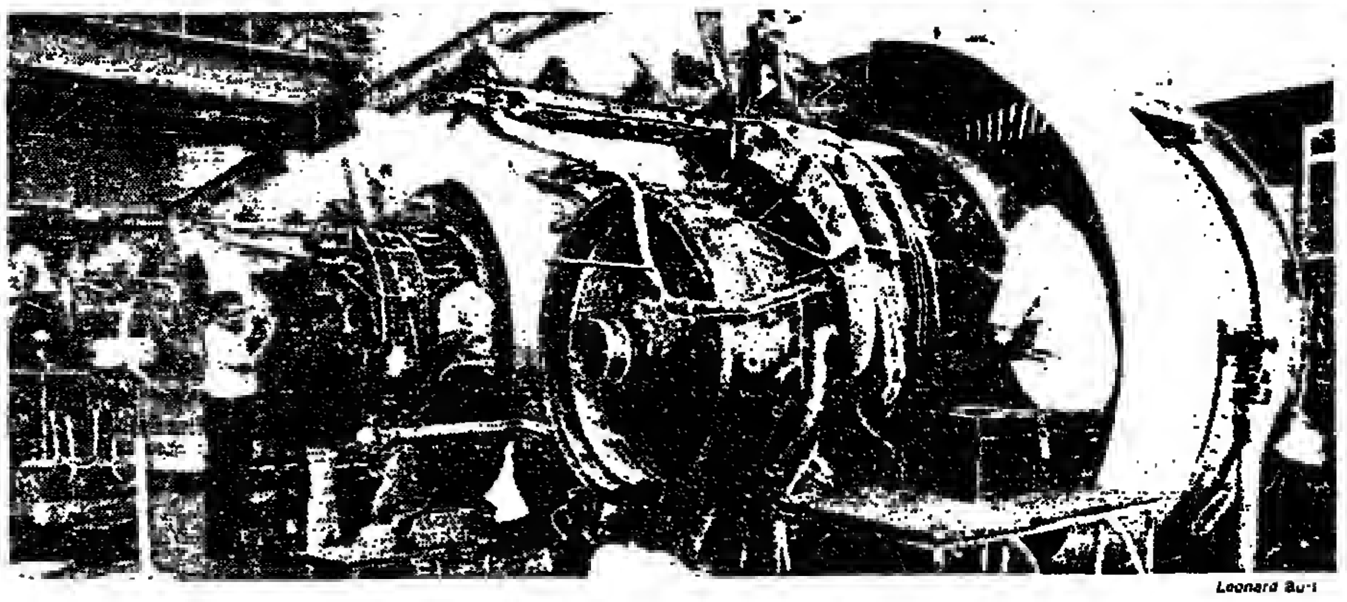
Air Lanka which promotes Sri Lanka, an increasingly attractive Asian tourist spot with the slogan "a taste of paradise" accounts for 45 per cent of all tourist traffic which approached the ½m mark annually until the racial disturbances in July. Air Lanka works closely with tho local tourist board in all its promotional campaigns.

Air Lanka has a special legal status which gives it all the privileges of a foreign investment project in tho export promotion zone. According to the latest company report it made an operating profit of about $1m in the period ended March 1983.

Dividends from its associate company Air Lanka Catering Services which made a profit of about $600,000 must be added to this figure

The capacity during the 1982-83 period was 359.943m tonne-kilometres compared with 294.08 t-km the previous year.

The total number of passengers in this same period, 598,174 showed a 35 per cent increase over 1982. The overall load factor achieved in 1982-83 was 63 per cent which was 2.80 per cent more than the previous year. The passenger load factors was 72.4 per cent.



Leonard Burt

The Air-India engine overhaul base at Santa Cruz

Austerity programme pays off

Air-India

R. C. MURTHY

AIR-INDIA, the international flag airline of India, is a classic example of an airline that has turned itself round from a period of losses to profitability, by virtue of a severe internal austerity programme, coupled with a determined drive to improve the airline's overall standards of passenger service.

Mr Raghu Raj, the chairman, and managing director, is an industrialist who was brought in to the airline by the Indian Goverment to try to achieve what many in the world airline industry believed to be an impossible "double." That he has done so in a comparatively short time-scale is widely regarded as a great achievement, comparable to that achieved elsewhere in the world by such airlines as British Airways and Pan American.

This achievement was widely recognised during Mr Raj's recent year-long tenure of the presidency of the International Air Transport Association (which bo relinquished last November), when Air India was the bost to the world's airlines at the IATA annual meeting in New Delhi.

Mr Raj's achievement comes at a timo when most of the other big world airlines are losing money.

At the recent IATA meeting in New Delhi, Mr Knut Hammarskjold, IATA director-general, said that the world air transport lodustry in 1983 would incur losses after interest payments of $1.8bn, although the losses are forecast to decline over the years immediately ahead.

Improvement

Air-India turned tho corner in the financial year 1981-82, with a profit of Rs103.6m ($10.8m), after a loss of Rs213m in the previous year.

The main reasons for this improvement included the airline's stringent efforts to cut its costs, involving a severe austerity drive, together with reductions in fuel costs, which ted to an improvement in revenue yields.

During 1982-83, Air-India earned a net profit of Rs380.4m. In the seven months to end-October 1983, the airline earned a net profit of Rs370m, and on current reckoning, for the full financial year 1983-84, the airline will bave a profit of Rs650m, considerably better than the budgeted target of Rs503m.

For 1984-85 the airline is proposing an ambitious target of a Rs1bn surplus.

Like many other international airlines, Air-India is interested in new aircraft equipment. Currently it has a fleet of 10 Boeing 747-237B Jumbo jets, five Boeing 707s and three Airbus A-300-B4s. The 707s are due lo be phased out by 1985, but finding a replacement is a problem.

The airline would like to have a "long, thin" aircraft, that is an aircraft capable of flying long distances but carrying a payload of between 200-250 passengers, which would be capable of serving the airline's Bombay-London sector, and its routes to Africa and Australia.

Air-India had originally shown interest in the MD-100 replacement for the DC-10 tri-jet from McDonnell Douglas of the U.S., but late last year the U.S. manufacturer said it was balting work on that venture because of lack of world airline market interest.

This appears lo bave narrowed Air-India's interest to either the U.S. Boeing 767 Extended Range (ER) model, or the Airbus A-310.

Air-India's staff are now studying the aircraft equipment situation. Whatever aircraft is eventually chosen, it is likely to have a far-reaching impact on the airline's long-term profitability, for it will have to be cheaper to fly than existing types, whilst also opening new vistas for route expansion.

In the meantime, Air-India continues to expand. In the 1982-83 financial year, the airline carried close to 1.75m passengers, compared with 1.64m in the previous year, although freight carried declined slightly to 62,343 tonnes. The aim is to continue this expansion through the 1980s.

Rapid growth achieved

Indian Airlines

MICHAEL DONNE

AIR TRAVEL has particular relevance to a country the size of India, a vast land covering somo 3,000 kilometres from tho Himalayas in tho North to the Indian Ocean lo the South, aod approximately the same distance from East to West. Without the aeroplane, travel throughout such a massive area would be monotonous and time consuming.

Indian Airlines, the country's major domestic operator, was set up as a state airline in 1953, with a small fleet of Dakota twin-engined piston aircraft, which later gave way to British turbo-propeller Viscounts and Fokker F-27 twin-engined turbo-propeller Friendship airliners.

Other aircraft, such as the French-built twin-jet engined Caravelle and twin turbo-prop British Aerospace (formerly Hawker Siddeley) 748 airliner were also introduced, with some of the latter still in service.

The current fleet comprises 10 of the European A-300 twin-jet engined Airbuses, 25 Boeing twin-jet 737s, eight Fokker F-27s and 12 of the ubiquitous 748s. With this fleet, Indian Airlines carried over 8.17m passengers and some 86,270 tonnes of cargo and mail in the year 1981-82, over a total unduplicated route mileage of over 71,000 kilometres. Further expansion occurred in 1982-83 and has continued in the current financial year.

The average annual growth rate forecast by the International Air Transport Association is around 4 to 5 per cent during the 1990s. Indian Airlines, however, has been growing at a much higher rate and hopes to achieve 10 per cent a year through the rest of this decade. If this is achieved, the traffic volumes, in terms of both passengers and of cargo and mail, are likely to have doubled by the end of the 1980s.

The airline now has one of tho largest domestic networks of all the airlines in the IATA, with over 70 destinations throughout the country. It operates more than 200 flights every day, with an average take-off and landing rate of one every two minutes between 6 am ond 11 pm. Most stations on the network are touched at least once a day, and the schedules for major cities have been so planned that a passenger can reach a place and return the same day. Whereas in 1953, the airline carried about 1,200 passengers every day, today it carries well over 20,000, and expects by the end of the decade to double that figure.

Keeping pace

Where there may be destinations not directly served by Indian Airlines, another, recently-formed domestic operator, Vayudoot, is available to serve at least a score of other places, with connections to Indian Airlines' own network.

Indian Airlines has consistently kept pace throughout its history with the rapidly accelerating pace of technology in civil aviation. With a staff of some 18,000, training figures largely. The airline has established extensive training facilities for flying crew at the Central Training Establishment in Hyderabad, which is now one of the major airline training centres for commercial pilots in Asia, fully equipped with simulators for the Airbus A-300, Boeing 737 and 748 aircraft, the latter being the only one of its kind in the world.

There are major aircraft maintenance facilities located at Bombay (for the Airbuses), Delhi (for the Boeing 737), Calcutta (for the F-27) and Hyderabad (for the 748). Cabin crew training is undertaken at Delhi.

Communications, also, have figured prominently in the airline's development, and new computerised reservations facilities are being installed, and are planned to be fully operative by early 1984.

Indian Airlines' dtermination to keep up with the rapidly accelerating pace of technology has been reflected in its fleet procurement policy, especially its acquisition of turbo-props and then jets early in its history.

Currently, the airline's planners are evaluating the various latest technology aircraft likely to be available in the world in the mid to late 1980s, especially the projected 150-seater aircraft now being much discussed on the world airline scene. The airline will need some new equipment with which eventually to replace its ageing turbo-propeller equipment and some of its older jets, and in addition to the 150-seaters it is also studying such possible types as the British Aerospace 146 four-engined regional feeder-liner.

ASIAN AVIATION 8

One of the world's biggest potential aviation markets

Aviation in China

MICHAEL DONNE

ALTHOUGH THE influence of the People's Republic of China on aviation in Asia and the Far East bas hitherto been limited, it is clearly likely to expand in the years immediately ahead.

After a long period of comparative isolation, international flights by some Western airlines into the country have been permitted on a limited scale in recent years, and China itself has also expanded, albeit slowly, its own civil air transport operations overseas.

Internally, the potential for domestic air transport in a country with such a vast population is itself enormous, and it is likely that only the surface has so far been scratched, especially in the fields of regional and local services operations linking smaller communities in remote areas of difficult terrain.

The General Administration of Civil Aviation of China (or CAAC) controls all civil aviation activities in China, including both the domestic and international networks, with responsibility also for other operations concerned with the development of national industry and agriculture.

The present domestic network is understood to cover more than 170 separate routes, with a total route distance of over 200,000 kilometres, and with scheduled services to some 76 cities throughout the country involving more than 600 scheduled flights a week.

The international network links China with more than a score of countries in Asia, Africa, East and West Europe and North America, with further destinations planned, involving a route mileage of some 150,000 kilometres.

Foreign cities currently served from Beijing include Addis Ababa, Bangkok, Belgrade, Bucharest, Frankfurt, Karachi, London, Manila, Moscow, Nagasaki, New York, Osaka, Pyongyang, Rangoon, San Francisco, Tehran, Tokyo and Zurich.

Serving this route network—which is by no means large for a country of such a size, when compared, for example, with the density of airline route networks in West Europe and North America — is a mixed fleet of some 20 different types of aircraft, many of which are obsolete or ageing.

The fleet consists of five Boeing 747 Jumbo jets, 10 Boeing 737 short-to-medium range jets (of which three have been delivered), and two McDonnell Douglas DC-9 Super 80s, in addition to Boeing 707s, British Trident jets, and several smaller types of ageing Soviet Ilyushin and Antonov transports.

Precise passenger statistics are not revealed, but recently, Mr Wang Dao, deputy director of the CAAC's planning department, is reported to have said in Beijing that the airline intends to increase its domestic fleet capacity by at least 30 per cent to meet immediate pressures for more seats.

The CAAC is reported to be having difficulty in meeting demand on a number of major domestic routes, especially at peak holiday times, and that this could be cleared by procuring at least another 100m tonne-kilometres of domestic seating capacity—representing an increase of about 30 per cent.

On international routes, the airline can meet present requirements, but clearly a major programme of fleet re-equipment is essential. It is the airline's intention to buy new aircraft, and a long-term development programme up to the end of this century bas been mapped out, although the details are not revealed.

Competition

The CAAC is thus clearly likely to be in the market for a wide range of new aircraft types, ranging in size from more of the big Jumbo jets down to the smaller regional commuter and feeder-liner types. This means that virtually every major airliner manufacturer in the Western World is likely to bave something to offer, and already competition to meet the CAAC's requirements is keen.

A long procession of civil aircraft makers has made the trek to Beijing to offer their wares, but so far, apart from the occasional purchases of the Boeing 747s and 737s and McDonnell Douglas DC-9 Super 80s, no major orders bave materialised.

Nor is it at all clear when any such orders will be forthcoming. It is probable that, because of the comparative lack of indigenous civil aircraft manufacturing capacity, tha CAAC and the Chinese (government will require any Western aerospace manufacturer to offer some kind of production support for any purchases.

This could take the form either of spares and maintenance back-up inside China itself in the case of the larger types of civil aircraft, or possible direct collaboration in the production of smaller, less expensive types of aircraft.

Although tha Chinese aerospace industry has recently built and flown the prototype of its own four-engined jet airliner, the Y-10, broadly similar in design to the Boeing 707, there is little detailed information about long-term production plans for that aircraft, and a continued heavy reliance on the West still seems likely.

There is clearly a major market waiting to be exploited. Although there are no figures to quantify it, the overall demand is not likely to be less than several hundred aircraft of all types, the rate of procurement being dictated largely by the country's ability to pay in foreign exchange—the lack of which is probably another reason for interest in possible joint ventures.

All that is clear at present is that sitting in the centre of Asia and the Far East is one of the world's biggest potential aviation markets of all kinds.

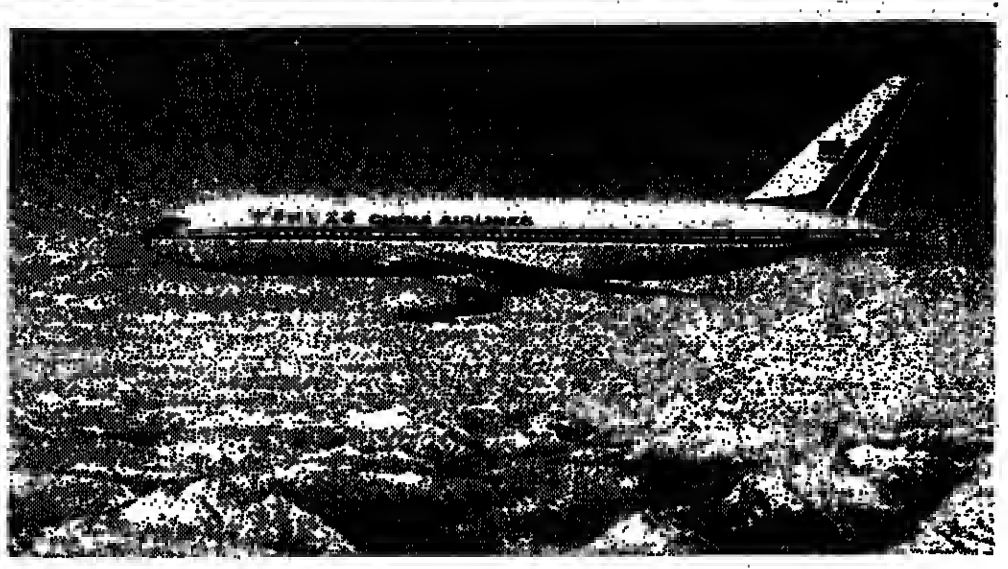
This market extends not only to aircraft procurement, but also to maintenance and spares support, overhaul and engineering, and probably also to the provision of up-to-date radar navigation aids.

If the requirements for all these elements of civil aviation is vast in the Western world—as indeed they are, with various estimates of likely sales ranging between \$150bn and \$300bn to the end of this century—then the requirements in China, a country with a population far greater than that of North America or of Western Europe, must be almost incalculable.

● The Civil Aviation Administration of China (CAAC) is the overall representative of civil airline operations in the People's Republic. Its fleet includes a small number of Boeing 747 Special Performance long-range Jumbo jets (above).

China has a huge potential market for aircraft from Western manufacturers, ranging from the big Jumbo jets to the smaller regional commuter and feeder-liner types of aircraft. Thus, a long procession of civil aircraft makers has made the trek to China to offer their wares.

● Right: A Boeing 767-200 medium-range airliner in the colours of China Airlines of Taiwan.



Rapid network expansion by major operator

South Korea

MICHAEL DONNE

THE SHOOTING down early last September of the Korean Air Lines' Boeing 747 Jumbo jet while en route between Anchorage and Seoul thrust into the limelight an airline that in recent years has developed rapidly, and is now one of the largest in Asia.

Although as yet the airline has only limited links with Western Europe—between Seoul and Paris and Zurich—it has longer term plans for further expansion with a service between London (Gatwick) and Seoul a possibility.

The airline has routes linking Seoul with Anchoraga and New York, and with Los Angeles, Honolulu, Paris, Zurich, Jeddah, Bahrain, Tripoli, Abu Dhabi, Baghdad, Bahrain, Kuwait, Dharan, Colombo, Manila, Singapore, Bangkok, Hong Kong, Taipei Tokyo, Osaka, Fukuoka, Nagoya, Niigata, Pusan and Cheju.

Figures for Korean Air Lines' 1982 performance, filed with the International Civil Aviation Organisation, show that in that year it carried 4.2m passengers on its scheduled services, of which nearly 2.46m were on international services, and 1.74m on domestic routes.

Overall, the total was slightly higher than in the previous year, a slight fall in international traffic being offset by an increase in domestic traffic. During the year, the airline carried nearly 164.000 tonnes of cargo, most of it, about 142,000 tonnes, on international routes.

In all, the airline made nearly 39,000 flights, and its aircraft flew over 100,000 hours, of which over 20,000 flights (84,400 hours) were on international operations, and the rest domestic.

The airline carried only a small number of passengers (over 12,500) on non-scheduled flights. The airline enjoys high load factors, averaging 68 per cent overall in 1982.

Korean Air Lines has one of the biggest fleets in Asia, as befits an operator with such a large network. The most recent statistics show it possesses a fleet of at least 12 Boeing 747 Jumbo jets of various models, with more on order, eight European A-300 Airbuses and a variety of other types, including some Boeing 707s.

Whether the loss of the 747 last September will have an impact on KAL's overall traffic development remains to be seen. The International Civil Aviation Organisation, in its considered report on the incident, suggested that in the absence of corroborated evidence the Jumbo jet strayed off course because of a navigational error by the crew involved. The finding has been criticised by the International Federation of Air Line Pilots' Associations, which argues that there is no evidence for such a conclusion.

Proposal

Whether this conclusion is justified or not no one will ever know. Suffice that the ICAO itself is still planning to hold an extraordinary session of the Assembly of all 151 contracting states to consider a proposed amendment to the Convention on International Civil Aviation requiring all states to subscribe to a new undertaking that would prevent the use of force against civil aircraft.

Meanwhile the ICAO has stated that the incident last Septemer has not shown up any faults with the safety of regular continuing air transport operations on the North Pacific air route system. While flight operations on the northernmost of the air routes (R-20), which was used by the ill-fated KAL Jumbo jet, had been temporarily suspended after the incident, it is now back in full operation. This much-used, international westbound air route has been is use for nearly a decade by an estimated 100,000 or more civilian commercial flights by KAL and other airlines.

After the shooting down by Russia of a KAL Boeing 747 Jumbo jet, last September, crowds (below) protest in the streets of Seoul, South Korea. There were 269 passengers aboard the KAL flight from Anchorage.

Airbus A300/A310s on the assembly line — now a major challenger to Boeing in Asian markets.

ASIAN FLEET ANALYSIS

AN analysis of the aircraft fleets of the fleets of more than 60 scheduled airlines flying regularly throughout the Asian, Far East and Australasian regions shows that out of more than 1,000 jet aircraft, either in service or on order, at the end of 1983 Boeing is the dominent supplier, with over 630 aircraft.

Of these, the dominant individual type is the 747 long-range Jumbo jet, which in various versions, including the Series 200, the Special Performance (SP) and all-freighter aircraft, collectively account for 230 aircraft. Other Boeing types prevalent in those regions include the 737 twin-engined short-to-medium range aircraft, of which obont 150 are in service or on order.

The newer Boeing types, such as the twin-engined short-to-medium range 757 and 767 are as yet either available or on order in much lower numbers, with 15 767s either in service or earmarked for fleets in those regions, and only five 757s.

The next largest supplier is McDonnell Douglas of the U.S., with close to 150 jets of different types, mostly DC-8 four-engined models (34), DC 9 twin-engined jets (73, including 19 Super 80s) and 41 DC-10s.